Annual Report Fiscal Year 1993

U.S. Department of Labor

First Jobs
- Job Corps Expanded
- School-to-Work Opportunities Passed the House
- Summer Jobs Program Enhanced

New Jobs
- Extension of Unemployment Compensation
  Passed Congress and implemented
- Profiling to Identify Dislocated Workers Passed Congress
- JTPA Flood Grants Issued in record time; assured equal access for women and minorities
- NAFTA Passed Congress
- NAFTA Bridge retraining and employment program Implemented
- Self employment Provision of UI Enacted
- Defense/Vets Assistance Provided
- Voluntary National Skills Standards Passed House
- GATT Treaty Completed

Better Jobs
- Family and Medical Leave Act
  Passed Congress; issued publications for workers
- PBGC Reform Proposal Filed with Congress
- OSHA Lead Contamination Rule issued
- Fatal Occupational Injury Report Issued
- CPS Redesign Announced
- Simplify OLMS Reporting Completed
- National Winter Alert Program (MSHA) Initiated
- OIG TAA, TJTC, JTPA Audits; UI, MEWA Investigations Completed
- Office of the American Workplace Created
- Health Security Act Introduced into Congress
- Labor Law Reform Conference focused on working women's issues Convened

Enforcement Actions:
- Food Lion (Wage and Hour) $16.2M
- Wisconsin U (OFCCP) $2.2M
- Fairfax Hospital (OFCCP) $0.6M
- Dayton Power (OFCCP) $0.6M
- Costain Coal (MSHA) $3.75M
- Fire Creekl (MSHA) $0.4M
- Hercules Powder Plant (OSHA) $6.3M
- Gazitua (PWBA) $34.5M
- Valley National Bank (PWBA) $17.5M
- Werth (PWBA) $0.4M
- LTV (PBGC) $2B for Plan
- PBGC Premium Payers $450M

DOL Reinvention
- Eliminated Eight Advisory Committees and 165 Interagency Committees
- Eliminated 73% of DOL Manual Series
- Utilized Partnership with Unions to design and implement Reinvention and create Agency Reinvention Teams
- Initiated Agency and Department Performance Agreements
- Eliminated need in many cases for purchase orders for approved items

Robert B. Reich

Thomas P. Glynn

Richard D. Morrissey

Edward L. Jackson

William R. Reise

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THE U.S. DEPARTMENT OF LABOR

WORKING FOR FIRST JOBS, NEW JOBS, BETTER JOBS

Signed into law by President William H. Taft on March 4, 1913, the U.S. Department of Labor is one of the oldest cabinet-level departments in the Federal government.

MISSION

The U.S. Department of Labor fosters, promotes and develops the welfare of the wage earners of the United States to improve their working conditions and advance their opportunities for profitable employment. To carry out this mission, the Department administers a variety of Federal labor laws guaranteeing workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; workers compensation; freedom from employment discrimination and unemployment insurance. The Department also protects workers' pension and other benefit rights; offers job-training programs; helps workers find jobs and employers find workers; helps to strengthen free collective bargaining and tracks changes in employment, prices and other economic measurements.

GOALS

The Department began formulating its workforce investment strategy — putting people first — to create a better-prepared workforce and ensure that all Americans have a solid start in the workforce. It emphasizes programs and initiatives that promote: *first jobs* for those just entering the workforce; easier access to *new jobs* for workers in transition from one job to the next and *better jobs* for all Americans. First jobs and new jobs focus on improved development and delivery of training and employment programs and helping workers in transition from one job to the next.

Initiatives financed under these areas are primarily the responsibility of the *Employment and Training Administration*. The balance of the Department's programs and activities pursues the goal of better jobs for all Americans. These activities include: enforcing workplace safety and health; protecting retirement and other benefits for all workers; assuring that all have an equal opportunity to compete for and hold jobs and that none are discriminated against because of race or sex; and encouraging quality management practices and workplace organizations that improve productivity and management-union cooperation. The Department itself

is committed to becoming a high-performing organization through its varied reinvention activities and desire to empower frontline workers.

The following agencies work to accomplish the Department's mission and goals:

■ **The Employment and Training Administration (ETA)** funds training programs to help workers gain the skills needed for employment; oversees State employment services which help people find jobs and employers find workers and offers income-maintenance programs for those who lose jobs through no fault of their own. Efforts are made to address the job problems of older workers, youth, minority groups, women, those with disabilities and others.

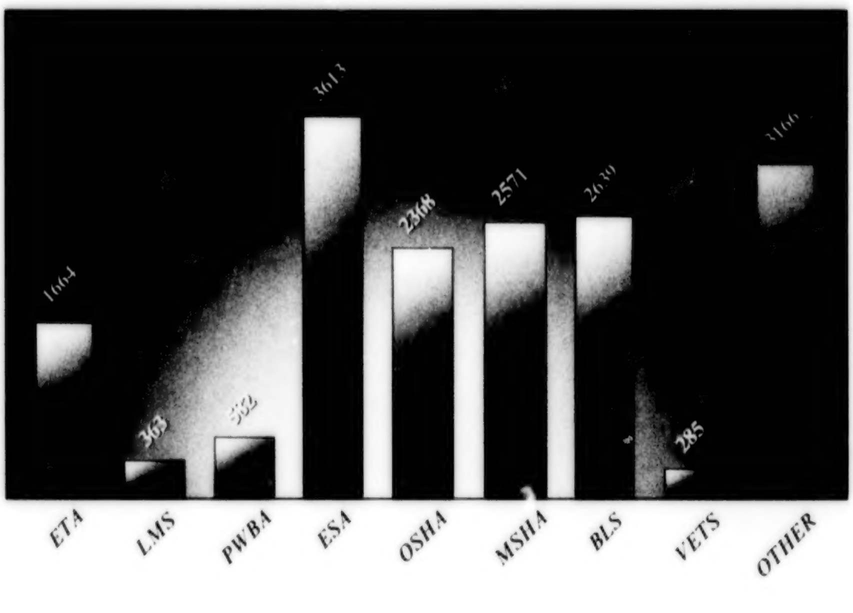
■ **The Employment Standards Administration (ESA)** enforces a variety of laws prescribing standards and conditions of employment, such as minimum wages, child labor restrictions, overtime pay, migrant and agricultural worker protections, immigration and other employment standards. It enforces nondiscrimination regulations for Federal contractors and manages workers' compensation programs for Federal employees, dock and harbor workers, coal miners and some other groups.

■ **The Office of the American Workplace (OAW)** serves as a national focal point to promote the creation of high-performance work practices and policies; help employees, managers and union leaders create flexible, innovative and cooperative workplaces to improve performance of their organizations; administer or enforce a variety of Federal acts required by statute, including employee protection provisions of the Federal Transit Act, the Rail Passenger Service Act, the Redwood National Park Expansion Act, the Airline Deregulation Act, the Labor-Management Reporting and Disclosure Act of 1959 and other statutes.

■ **The Occupational Safety and Health Administration (OSHA)** ensures safe and healthful working conditions for workers by promulgating workplace safety and health standards and enforcing compliance by inspecting workplaces. It also consults, trains, educates and informs employers and employees to promote voluntary compliance for safe and healthful workplaces. Matching grants help states administer and enforce occupational safety and health programs.

■ **The Mine Safety and Health Administration (MSHA)** strives to improve working conditions in the nation's mines by establishing and

D.O.L. STAFF YEARS BY FUNCTION *FY93* ►



enforcing safety and health standards, promoting health and safety education and training the mining community.

■ **The Pension and Welfare Benefits Administration (PWBA)** administers Title I of the Employee Retirement Income Security Act of 1974 and certain portions of the Federal Employees' Retirement System Act of 1986. PWBA is responsible for regulation, enforcement and research to protect about 730,000 private-sector pension plans and 4.5 million private-sector welfare benefit plans covering about 200 million participants and over $2.3 trillion in assets.

■ **The Bureau of International Labor Affairs (ILAB)** carries out the Department's international duties and helps formulate international economic, trade and immigration policies affecting American workers.

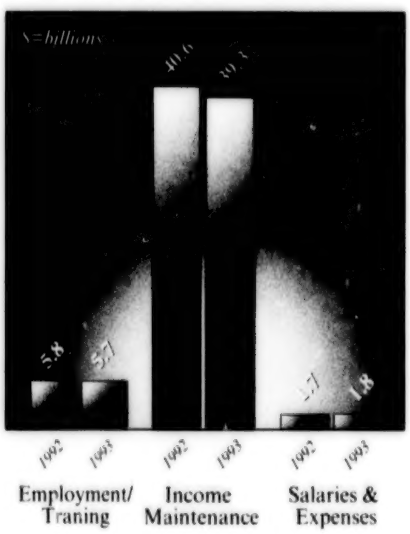
■ **The Women's Bureau (WB)** promotes the welfare of wage-earning women and seeks to improve their working conditions, increase their efficiency and advance their opportunities for employment.

■ The **Bureau of Labor Statistics (BLS)** is the principal fact-finding Federal agency in the field of labor economics. It collects, analyzes and publishes timely, accurate data on employment, unemployment, wages, occupational outlook, prices, productivity, job safety and health. It also develops important information on labor-market demographics and forecasts of economic growth.

■ **The Assistant Secretary for Veterans' Employment and Training (ASVET)** ensures that veterans get the preferred employment and training the law allows and enforces veterans' reemployment rights laws.

■ **The President's Committee on Employment of People With Disabilities (PCEPD)** is among the nation's leading organizations in the study, development and implementation of employment policies and programs serving the needs of the disabled and their employers. It strives for maximum employment of people with physical and mental disabilities through the elimination of employment barriers through educational, informational and technical aid programs for employers, the disabled and all organizations interested in employing the disabled.

■ **The Office of Inspector General (OIG)** administers provisions of the Inspector General's Act. Through an independent, comprehensive program of audits and investigations, OIG focuses on the efficiency and effectiveness of Departmental programs and prevents or detects fraud, waste and abuse. ◆



◄ **D.O.L. BUDGET AUTHORITY BY FUNCTION**
These figures differ from the budgetary resources displayed on the financial statements because budgetary resources include prior-year unobligated balances as well as new budget authority

Virtually every aspect of earning a living is covered by the Department's programs.

Many Americans find their income interrupted at times. Whether their problems are caused by layoffs, on-the-job injury or foreign imports, these workers need help. One priority is to give them needed skills to adapt to labor market changes. To support the welfare of wage earners, the Department administers several programs to protect those who need help when their incomes are interrupted through no fault of their own. These include unemployment compensation, workers' compensation and trade adjustment assistance.

◄ **JOY FLACK**
Industrial Hygienist, OSHA
Seattle WA

■ ASSURING INCOME TO WORKERS IN NEED

■ UNEMPLOYMENT INSURANCE (ETA)

The Unemployment Insurance (UI) program is the initial support for workers who lose their jobs through no fault of their own. It was authorized by the Social Security Act of 1935 to alleviate the hardship of unemployment and help stabilize the economy.

The UI system is a unique Federal-State program administered by the states and funded by employer taxes maintained in the unemployment trust fund. Basic benefits are financed by state taxes on employer payrolls; benefit costs for ex-Federal workers are reimbursed by Federal agencies. Administration expenses are financed by Federal unemployment taxes. In FY 1993, $2.5 billion went to the State Employment Security agencies (SESA) for program administration.

Claimants for UI benefits are serviced by 53 SESA at about 2,000 local UI claims offices. They are responsible for benefit payments and tax collections from employers.

The total unemployment rate averaged 7.0 percent and the insured rate 2.7 percent. An estimated 106.4 million workers were covered by the UI program, and eight million workers received benefits.

The 53 state agencies collected $20.3 billion in State UI taxes from 5.86 million employers. They paid $36.0 billion in benefits under the Federal and State regular and extended benefits programs. Benefits were paid to first-time intrastate claims within 14 days 90.7 percent of the time.

■ WORKERS' COMPENSATION (ETA)

The Labor Department administers three major disability programs that compensate workers who are injured or get a job-related disease or compensate their survivors when death is from job-related injuries or diseases. Compensation for most private-sector workers with job-related injuries is handled by state agencies.

The Department gave over $2.5 billion in medical and wage-loss benefits to more than 387,000 workers who were hurt or became ill on the job.

■ Federal Employees' Compensation (ESA)

The Federal Employees' Compensation Act (FECA) offers income and medical cost protection for job-related injuries, diseases or deaths of Federal civilian employees and certain other groups. Benefits are charged back to Federal employers, who pay from funds appropriated in their annual budgets or from operating revenues. FECA received over 179,000 Federal employees' injury reports; 93.3 percent of traumatic injuries were adjudicated within 45 days, and 85 percent of the nontraumatic cases were adjudicated within 180 days.

The FECA program continued the Periodic Roll Management Project (PRM) aimed at quality management of the disability roll, improved service to long-term disabled beneficiaries, rehabilitation and reemployment of the partially disabled and adjustment of benefits to reflect eligibility accurately. Since April 1992, PRM project teams in four district offices have screened over 18,000 long-term cases. By the end of FY 1993, 20 percent of those cases were identified for adjustment, termination or rehabilitation. Reemployment benefit savings have been over $22 million.

■ Longshore and Harbor Workers Compensation (ESA)

The Longshore and Harbor Workers' Compensation Act gives medical benefits, compensation for lost wages and rehabilitation services for job-related injuries and diseases or death of private-sector workers in certain maritime and related employment. Benefits are paid directly from private funds by an authorized self-insured employer or through an authorized insurance carrier. In certain cases, benefits are paid from a special fund composed primarily of employer contributions and administered by the Department. About 90,000 maritime workers or their survivors got benefits from employers; 18,650 workers benefitted from the Longshore Special Fund, and 90.3 percent of informal conferences were held within 45 days.

■ Coal-Mine Workers (ESA)

The Black-Lung Program gives monetary compensation and medical and survivor benefits to miners fully disabled by pneumoconiosis caused by employment. Benefits are paid from the Black-Lung Disability Trust Fund when no responsible mine operator can be assigned liability or when coal-mine employment ceased before 1970.

In FY 1993 the Black-Lung program gave monthly benefits to 72,892 beneficiaries, while 26,181 received medical benefits only. The program continued its high level of performance, issuing 97.7 percent for initial claims findings on time.

Sarah M. Moon ►
Secretary, ETA
National Office

■ TRAINING FOR NEW JOBS AND BETTER JOBS

One of the goals of the Department is to advance the future of America's working men and women through improved training and by fostering changes in skill levels to expand future job choices.

ETA administers and oversees a variety of employment and training programs designed to help current and future workers. Aid is directed at training and finding jobs for disadvantaged youth and adults to make them more productive.

■ BASIC PROGRAMS

ETA administers and oversees a number of basic programs to help the unskilled and economically disadvantaged get the training and other services needed to become employable. Included are adult and youth programs, summer youth programs and Job Corps — all funded by the Job Training Partnership Act (JTPA) — and apprenticeship programs.

The JTPA goals through June 30, 1994 are to implement the features of the 1992 JTPA Amendments: (1) target services to a more at-risk population; (2) improve the quality and intensity of services that lead to long-term employability and increased earnings; (3) place greater emphasis on basic skills acquisition to qualify for employment or advanced education or training and (4) promote comprehensive human resource programs to address needs of at-risk populations.

■ ADULT AND YOUTH PROGRAMS (ETA)

In Program Year (PY) 1992, ending June 30, 1993, about $1.8 billion in Federal funds was distributed to State governments to serve economically disadvantaged adults and youth. By law, States keep 22 percent of the funds for statewide activities and distribute the balance to the 647 Service Delivery Areas. These programs offer basic skills and job training and support services. Private Industry Councils (business, labor and other community leaders) direct local JTPA programs. Members are appointed by local elected officials. Almost one million participants were served in PY 92 compared to just over one million in PY 1991 and about 1.1 million in PY 1990. The decrease primarily is from the longer times spent in the program.

■ SUMMER YOUTH PROGRAM (ETA)

Besides gaining work experience, summer-youth program participants are evaluated to determine if they meet local educational standards. Those who do not may be enrolled in remedial education to acquire the basic skills needed for academic success.

Under the Title IIB Summer-Youth Employment and Training Program, $849 million was available for summer 1993, when over 600,000 youth participated, compared to almost 800,000 in the summer of 1992, which had a higher supplemental appropriation.

GERALD M. GUNDERSEN ▶
Chief, Youth Research, ETA National Office

■ Job Corps (ETA)

The Job Corps program is an intensive, primarily residential training program for the severely disadvantaged aged 16 through 24. They are offered housing, food, medical care, education, vocational training and support services. It prepares them for stable, productive employment or entrance to vocational and technical schools, junior colleges and other institutions for further education and training.

In PY 1992, $920 million funded 108 Job Corps centers in 44 States and the District of Columbia. Seventy-eight operate through contracts with private entities; 30 through the U.S. Departments of Interior and Agriculture. In PY 1993, Job Corps' funding is $966 million for support of 109 centers and 62,000 new enrollees.

Sixty-five percent of Job Corps enrollees were placed in jobs, school or the military after completion, compared to 68.6 percent in PY 1991.

■ Apprenticeship Training (ETA)

Although apprenticeship training is not Federally funded, ETA's Bureau of Apprenticeship and Training promotes apprenticeship and allied training in various industries, recommends and approves apprenticeship program standards, registers apprentices and provides technical assistance to program sponsors. It is estimated that approximately 300,000 apprentices participate in 41,000 registered programs annually.

◄ **Economic Dislocation and Worker Adjustment Assistance**
Entered employment rate

■ Assistance for Dislocated Workers (ETA)

The activities conducted by the Department encompass programs for dislocated workers generally, along with special programs for those impacted by increased imports, defense downsizing and the Clean Air Act.

Trade Adjustment Assistance provides job readjustment services, including skill and remedial training, job search, relocation aid and income support to those who lost their jobs because of increased imports.

In FY 1993, $50.5 million was used to give more than 9,500 workers weekly income support under trade readjustment assistance. Additionally, $80 million was used to train over 19,400 workers, help about 800 workers with job searches and make almost 2,000 job-relocation payments.

Economic Dislocation and Worker Adjustment Assistance grants are awarded to States through a statutory formula (80 percent of the funds) and competitively awarded discretionary grants (20 percent). Grants fund training and reemployment aid for workers losing jobs through plant closings and mass layoffs and for the unemployed with little prospect of returning to their previous jobs. About 312,000 such dislocated workers were served in PY 1992, funded at $527 million. About 331,000 were served in PY 1991.

The Defense Conversion Adjustment Program supports workers dislocated by defense downsizing. It affords educational and occupational skills training, readjustment services and needs-related payments to help workers participate in retraining activities. In PY 1992, about $36 million was awarded to over 8,600 workers.

Clean Air Employment Transition Assistance is a national discretionary program targeting funds to areas of major dislocations caused by compliance with the Clean Air Act. Services available include educational and occupational skills training, readjustment services and mandatory needs-related payments to enable workers to retrain. In FY 1993, $50 million was available.

The Defense Diversification Program was established by the National Defense Authorization Act of 1993 as an amendment to the Job Training Partnership Act. It allows: (1) retraining and readjustment aid to workers and military personnel dislocated by defense cutbacks and closed facilities and (2) planning and conversion help for diversifying affected facilities in an area impacted by reduced military expenditures or closed facilities. In FY 1993, $75 million was made available.

■ Special Employment and Training Programs (ETA)

These activities include native Americans, migrant and seasonal farmworkers, the homeless and older workers. These programs offer basic skills training, job-training and support services.

■ **Native American Programs** offer job training and support services to native Americans to improve their employability and help them find permanent employment. PY 1992 was funded at $63 million and served 25,000, with an entered-employment rate of 50 percent.

▲ **Eric Johnson**
Chief, Division of Policy and Analysis, Office of Worker Retraining and Adjustment Programs, ETA National Office

■ **The Migrant and Seasonal Farmworker Program** helps workers and their families through training and support services for those seeking stable year-round jobs at a liveable wage and by improving living standards of those who remain in agriculture. In PY 1992, this program was funded at $77 million and served 49,000, with an entered-employment rate of 71 percent.

■ **Job Training for the Homeless**, a demonstration project authorized by the McKinney Act, examines new, comprehensive strategies for increasing employment opportunities, improving job retention and securing permanent housing for homeless persons. In FY 1993, over 4,000 were served (a 41 percent success rate).

■ **The Older Americans Program**, authorized by the Older Americans Act, gives subsidized part-time community service work for unemployed low-income people 55 and over. One objective — to obtain unsubsidized employment for at least 20 percent of the available positions — has been reached consistently. For PY 1992, $395 million funded some 65,000 positions and served over 97,000.

■ **EMPLOYMENT SERVICES (ETA)**

The U.S. Employment Service seeks to match workers seeking employment with employers seeking workers. Operated by States, it is funded through Federal employer taxes paid into the Unemployment Trust Fund and authorized by the amended Wagner-Peyser Act.

It operates in over 1,700 local offices in the states, Puerto Rico, Virgin Islands, District of Columbia and Guam. State employment services also administer programs such as Alien Labor Certification through reimbursement agreements with the Department of Labor.

Over $781 million was spent for basic operations in PY 1992; another $90 million funded a number of nationally sponsored activities in FY 1993. In PY 1992, 21.3 million job applicants sought employment services, compared to 20.4 million in PY 1991. State service offices received 5.8 million job openings (vs 5.6 million in PY 1991).

There were 8 million applicants referred to jobs in PY 1992, compared to 7.6 million in PY 1991. There were 2.7 million placed in jobs in PY 1992 (2.6 million in PY 1991). The total placed in permanent jobs (150+ days) in PY 1992 was 1.9 million (1.8 million in PY 1991).

■ **VETERANS' PROGRAMS (ASVETS)**

The Office of the Assistant Secretary for Veterans' Employment and Training (ASVET) develops and promotes training and employment opportunities for the nation's veterans, emphasizing aid to disabled and other disadvantaged veterans. ASVET administers two major programs through the Veterans' Employment and Training Service (VETS): the Disabled Veterans'

DIANE V. MAVRONNE ►
Chief, Data Analysis Unit, ETA
National Office

Outreach Program (DVOP) and the Local Veterans' Employment Representative (LVER) program.

In FY 1993, these two programs made $158.1 million available to State employment security agencies and funded 3,433 state DVOP and LVER positions. In PY 1992, about 2.7 million veterans registered for aid (job counseling, testing, referral and placement). There was a 45.7 percent referral rate and a 20.4 percent rate of veterans' placement transactions (data reported through the Employment Service are by PY, although most of the funding for ASVETS is by FY).

For the first time, VETS reached out to a clientele traditionally outside of existing delivery systems (native Americans) by training veterans' service providers and awarding 11 grants (nearly $718,000) under Title IV-C of the Job Training Partnership Act for outreach and employment and training services to Native American veterans.

VETS also administers the Veterans' Reemployment Rights program, which secures reemployment or job-related benefits for veterans, reservists and national guard members. Also operational in VETS is the Transition Assistance Program, which helps service members separating from active military duty in their transition back to civilian life.

VETS, in cooperation with the Departments of Veterans Affairs and Defense, implemented the Service Members Occupational Conversion and Training Act, a nationwide $75 million on-the-job training program for veterans presumed by law to face serious employment barriers.

Vincent Rios ▶
Assistant Regional Administrator, VETS
San Francisco, CA.

◀ **Jeannette D. Hartke**
Program Analyst, VETS
Kansas City, MO

■ Employment of People with Disabilities

The mission of the President's Committee on Employment of People with Disabilities is to promote employment of America's 43 million disabled and empower them to realize their potential as productive, independent citizens.

The President's Committee develops policies and educational, informational and technical aid and communications programs and makes them available to employers, the disabled, service providers and other groups capable of advancing employment of the disabled.

The Committee operates the Job Accommodation Network, a telephone helpline to give employers

and others technical help on the Americans with Disabilities Act and information on how to make job-site accommodations.

In FY 1993, over 40,000 telephone calls and 20,000 electronic messages were answered. The committee conducted teleconference meetings with disability leaders in all states to hear concerns and help organize grassroots support for the mission; led National Employment Disability Awareness Month; held a national convention on trends in employment of the disabled and sponsored other projects to advance its mission.

■ PROTECTING WORKPLACE RIGHTS AMD BENEFITS

The Department administers and enforces laws that protect wages, pensions and workplace rights. The goal to create better jobs includes programs to promote pension and benefit security and to protect employee freedoms of equality and opportunity in the workplace. In FY 1993, the Department continued to enforce minimum wage and overtime pay requirements, child labor laws, nondiscrimination by Federal contractors, rules on the rights of unions and efforts to protect private pensions and workforce benefit plans.

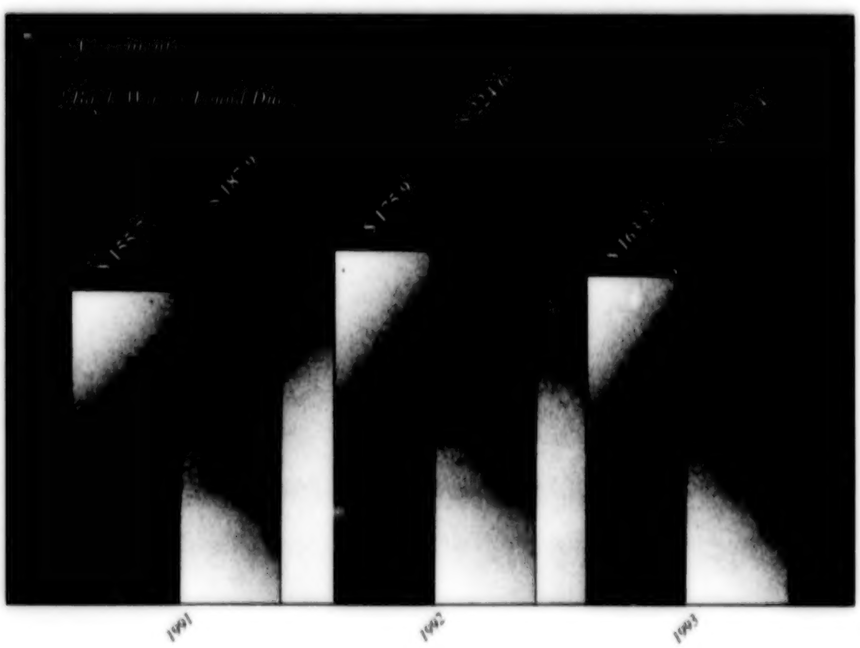
■ Labor-Management Standards

OAW's Office of Labor-Management Standards (OLMS) administers and enforces sections of the Labor-Management Reporting and Disclosure Act of 1959, as amended (LMRDA); the Civil Service Reform Act; the Foreign Service Act and the Postal Service Reorganization Act.

These provisions apply to private and Federal sector labor unions, union officers, employees, employers and labor relations consultants. OLMS is responsible for enforcement programs covering more than 39,000 labor organizations.

To ensure democracy and fiscal integrity in labor organizations, OLMS completed 368 criminal investigations resulting in 154 indictments and 164 convictions and won court-ordered restitution

Wage and Hour Agreements ▶



of $1,817,949 in embezzled union funds and $102,033 in criminal fines. At the end of FY 93, 226 criminal cases were pending at the Department of Justice or with local prosecutors, and 268 cases were pending in OLMS field offices. Also, OLMS completed compliance audits of seven national/international labor organizations and 801 intermediate or local unions, primarily to find embezzlements and other violations of the LMRDA. The audits of national and international unions covered about 1,119,925 members in more than 789 affiliated bodies. Audits of subordinate bodies uncovered 1,430 violations of the LMRDA.

OLMS processed more than 39,000 reports from labor organizations, union officers, union employees, employers, labor consultants and surety companies and filled about 11,103 disclosure requests; 4,062 delinquent LM-2/3 report cases were closed.

OLMS investigated 201 union-officer election complaints; supervised elections in 43 labor organizations and investigated 21 trusteeship complaints.

■ Wages and Hours (ESA)

The Wage and Hour Division administers and enforces laws that cover virtually all private, State and local government employment.

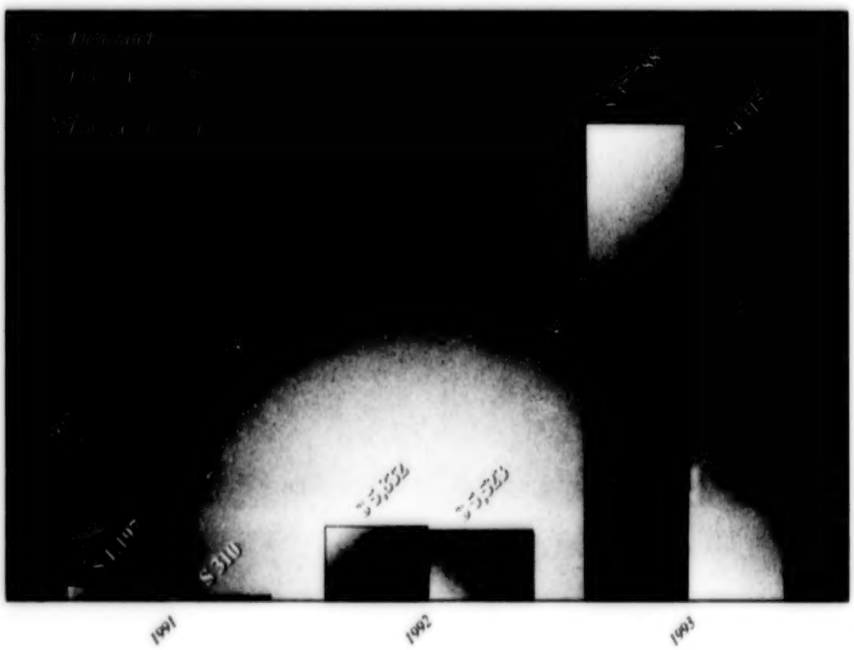
Wage and Hour conducted 54,404 compliance actions under the purview of the Fair Labor Standards Act (FSLA) and 3,018 government-contracts actions. Employers agreed to pay 76.5 percent of the monetary findings under the FLSA and government contracts programs in FY 1993. This is a slight decline from the previous year (78.3 percent); however, the total amount of back wages found due and the amount employers agreed to pay in FY 1993 represented the division's second and third highest levels historically.

■ Federal Contract Compliance Programs (ESA)

The Office of Federal Contract Compliance Programs enforces regulations requiring Federal contractors to take affirmative action to end discrimination in the workplace and to obtain redress for its victims. In FY 1993, 4,456 compliance reviews of contractors were made, and 979 complaints were investigated and resolved, yielding financial agreements of $34.5 million, including back wages of $14.7 million for nearly 3,800 workers. There were 1.9 million workers reviewed.

■ Pension and Welfare Benefits (PWBA)

The Pension and Welfare Benefits Administration (PWBA) administers Title I of the Employee Retirement Income Security Act of 1974 (ERISA) and certain portions of the Federal Employees' Retirement



◄ **Pension and Welafre Benefits**
Fines assesed and fines collected

System Act of 1986. PWBA regulates, enforces and researches about 730,000 private-sector pension plans and 4.5 million private-sector welfare benefit plans covering about 200 million participants and controlling more than $2.3 trillion in assets.

PWBA devotes 46 percent of investigation time to areas or issues identified as subject to abusive practices.

Through field enforcement efforts, assets of about $183 million were restored to employee benefit plans (some $117 million restored through voluntary compliance and $66 million through litigation). PWBA assessed civil penalties of nearly $5.1 million. It continued its non-filer/late filer program — a grace period for plan administrators who had not filed annual reports for plan years 1988 through 1991 — to allow them to do so with a penalty capped at $1,000 per plan per filing year. PWBA collected more than $32.6 million in such penalties. This initiative, which ended in FY 1993, has collected more than $36.6 million since its inception.

► **Bing Lam**
Senior Staff Accountant, PWBA National Office

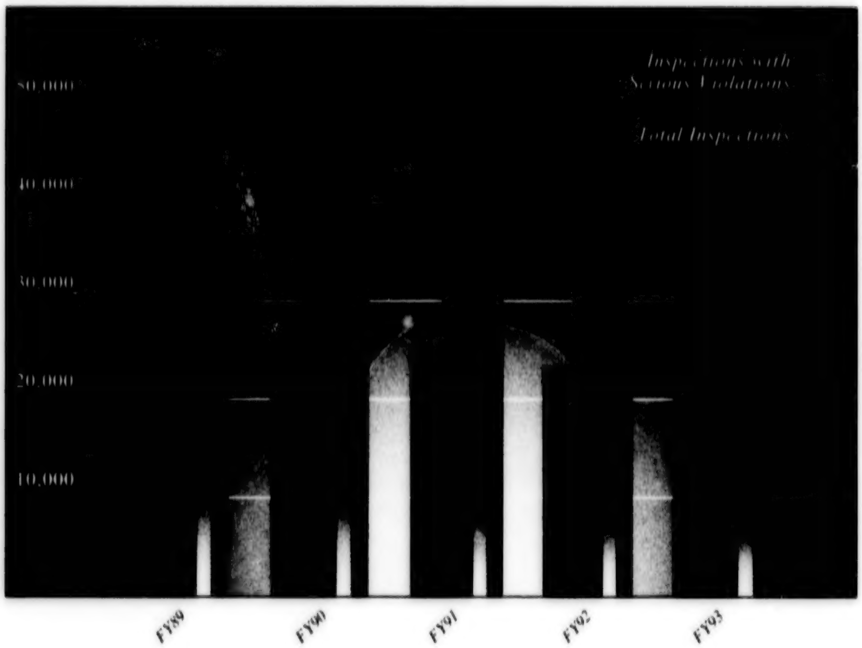
■ CREATING SAFER, HEALTHIER WORKPLACES

Among the more visible components of the Department's mission is the responsibility to protect employee safety and health on the job. In FY 1993, the Department's worker safety and health programs continued with strong enforcement initiatives, which included on-site inspections, standards development and promulgation, training and technical and compliance help.

■ The Occupational Safety and Health Administration (OSHA) enforces the Occupational Safety and Health (OSH) Act of 1970 (Public Law 91-596). It authorizes OSHA to enforce safety and health standards by inspecting workplaces and fostering voluntary employer compliance through on-site consultation, training, education and information services and voluntary protection programs. Administration is by the National Office, 10 regional offices and 94 area and district offices. OSHA also makes 50 percent matching grants to help 25 States administer and enforce safety and health standards under approved State programs. The agency covers over 90 million workers at more than six million workplaces.

OSHA conducted 39,536 Federal enforcement inspections, and State plan personnel conducted 62,199 worksite inspections. While inspection totals in both programs declined, the agency continued to emphasize the quality of inspections. The percentage of Federal inspections which uncovered serious violations was higher in fiscal years 1990-1993 than in previous years. The percentage of violations designated as serious also has generally increased in Federal and State programs.

The average assessment for both Federal and State inspections carrying penalties has increased in each year measured. As of early November 1993, the Federal program had collected more than 58 percent of penalties categorized as collectible in FY 93. The rate was over 87 percent for FY 1992 and exceeded 90 percent for 1990 and 1991. Over time, OSHA expects that the collection percentages for each year will approach 100 percent.



◄ **INSPECTIONS WITH SERIOUS VIOLATIONS**
Federal

Final safety and health standards promulgated in FY 1993 included confined spaces (general industry); consolidation of access to medical records, toxic substances/ PELS and hazard communication (shipyards); lead in construction and recodification of general industry sections applicable to construction.

OSHA plans to make increased use of the criminal provisions of the OSH Act. In fiscal years 1989-1993 the agency referred 49 cases to the Department of Justice or U.S. attorneys, more than double the number referred between 1981-1988. In FY 1993 OSHA completed 2,889 investigations of complaints filed under section 11(c) alleging discrimination against employees for exercising rights given by the act.

In addition to its traditional enforcement and regulatory roles, OSHA continued to pursue voluntary compliance programs to promote workplace safety. Under the consultation program, it funds 90 percent of the costs incurred by designated State agencies to provide free on-site consultation to employers who request help to achieve voluntary compliance. There were 27,050 on-site consultation visits in FY 1993. The number of hazards found in initial visits and the average number of hazards found per visit, increased steadily in fiscal years 1989-1993.

Through its Voluntary Protection Program, OSHA recognizes companies that have exemplary safety and health programs. The number of worksites participating reached 118 in FY 1993. The OSHA Training Institute in Des Plaines, IL emphasized the training needs of Federal and State compliance officers and reflected new standards. Four educational institutions were selected as OSHA Training Institute Education Centers to provide OSHA courses

▲ *L-R:* **ANGELIQUE GOLIAN,** *Program Analyst;* **ODESSA WEAVER,** *Secretary;* **LEO CAREY,** *Director of Field Operations; OSHA National Office*

▲ JOAN HYATT, *a compliance officer in OSHA's Denver office, tells the Department's senior executive staff how a group of OSHA inspectors and supervisors pared the agency's Field Operations Manual — a tome of some 400 pages — down to less than 100 pages. The manual's streamlining reflects the new empowerment of OSHA compliance officers to exercise their independent professional judgement.*

for the private sector and other Federal agencies. In FY 1993, OSHA awarded five targeted training grants in the logging industry.

The Bureau of Labor Statistics' annual survey of occupational injuries and illnesses for 1992, published in December 1993, showed an increase in the incidence rate from 8.4 per 100 full-time workers in 1991 to 8.9 in 1992. The service sector accounted for much of this increase, while the construction and manufacturing industries, which traditionally receive the most targeted efforts, showed a decline in incidence rates. BLS' new Census of Fatal Occupational Injuries reported 6,083 work-related deaths in 1992.

With the Department's Bureau of International Labor Affairs, OSHA continued cooperative activities in universal worker protection under the Memorandum of Understanding with Mexico and with other international counterpart agencies, particularly in eastern Europe.

■ PROTECTING AMERICA'S MINERS

■ **The Mine Safety and Health Administration (MSHA)** administers the Federal Mine Safety and Health Act of 1977 (Mine Act, P.L. 95-164), to eliminate fatalities, reduce the frequency and severity of accidents and minimize health hazards in the industry. MSHA promulgates mandatory safety and health standards and inspects about 14,500 mines to determine compliance with standards. It assesses civil penalties and refers acts of noncompliance for criminal prosecution; investigates accidents; develops training programs with industry and labor; tests new equipment and compiles and analyzes data on accidents and injuries.

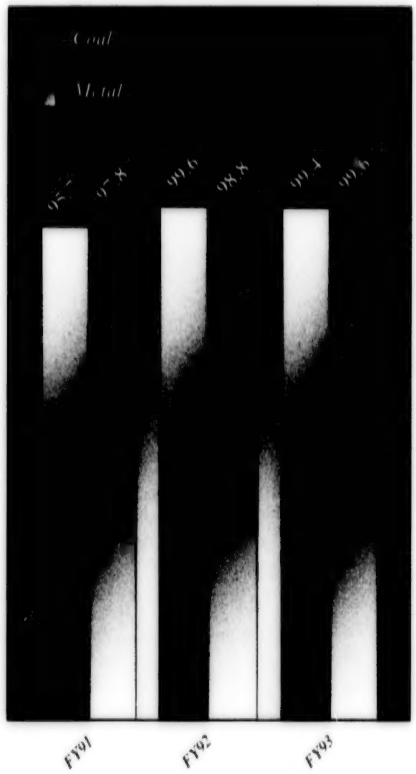
MSHA's core statutory responsibility and highest priority is the basic inspection activities required by the Mine Act—four annual inspections of each underground mine and two annual inspections of each surface mine. A total of 99.4 percent of all required annual inspections was completed at coal mines, the second highest level in the last 5 years. At metal and nonmetal mines, 99.6 percent of required annual inspections were completed, the highest level in 5 years.

The fatality rates in mining have remained relatively constant over the past several years. The rate in coal mines is double that in metal and nonmetal mines, while the rate for small coal mines (fewer than 50 employees) is two to three times higher than the industry-wide average. Despite the unchanging rates, FY 1993 marked a record low number of fatalities — 49 in coal mining and 49 in metal and nonmetal mining. Coal mining fatalities decreased by two and metal and nonmetal fatalities were unchanged from the previous year.

Most States had reduced coal mine fatalities in FY 1993, notably West Virginia, where fatalities decreased 35 percent, from 20 in FY 1992 to 13 in FY 1993. Although the trend was down, a few States reported increased fatalities. For example, coal mine fatalities in Virginia increased from four in FY 1992 to 10 in FY 1993, largely due to the December 1992 mine explosion at the Southmountain Coal Company, Inc. near Norton. It killed eight miners and was the primary reason for the increased rate at small coal mines.

There were 35 coal-mine special-investigation cases resulting in criminal pleas or convictions involving 43 individuals and 15 companies. These prosecutions involve fraudulent respirable-dust-sampling activities and violations of mandatory safety standards. Twenty-seven individuals and 11 companies pled guilty to respirable-dust-sampling fraud. Thirteen investigations stemming from violations of mandatory safety standards resulted in criminal prosecution and pleas or convictions of four companies and 16 individuals.

MSHA implemented the Coal Mine Respirable Dust Task Group recommendations on one-day sampling inspections and oversight of operator sampling activities and cited the results of single-sample measurements and the average of multiple-sample results. MSHA continued to open and examine every coal mine dust-sample cassette for irregularities. The new tamper-resistant respirable dust cassette became commercially available and is now being used by coal mine operators and MSHA inspectors. In addition, MSHA has been actively involved with the Bureau of Mines in the development of a continuous dust monitor and dust control parameter monitor.



▲ MINE SAFETY AND HEALTH INSPECTION COMPLETION RATE

RESEARCH FOR LABOR AND ECONOMIC POLICY DEVELOPMENT

The Bureau of Labor Statistics (BLS) is the principal fact-finding agency for the Federal Government in the field of labor economics and statistics. It collects, processes, analyzes and publishes sensitive statistical and economic data for economic research and fact-finding by Congress, Federal agencies, State governments, business and labor. Most data come from responses to surveys of businesses or households by BLS, the Census Bureau (under contract), or in conjunction with State agencies.

BLS data are important to the development of other Federal statistics, including the gross domestic product and other key economic indicators. The Congress, President, Federal Reserve Board and other executive branch agencies use BLS data to determine national economic policy. BLS data are also used by industry and labor in economic planning and collective bargaining activities and by other public and private institutions in a variety of planning and analytical activities. BLS data also affect the economy. For example, in the private sector, the Producer Price Index affects up to $300 billion in long-term purchases and sales contracts.

EMPLOYMENT AND UNEMPLOYMENT STATISTICS

The Employment and Unemployment Statistics program analyzes and publishes data on the labor force, employment, unemployment, persons not in the labor force, labor market developments, characteristics of special worker groups and displaced workers and detailed employment data by industry.

In 1992, there was an unusually large benchmark revision in the Current Employment Statistics employment estimates. BLS researched the source of the anomaly and asked the American Statistical Association (ASA) to review the revision and BLS research. The ASA found that the benchmark revision "... was caused by a one-time noneconomic phenomenon associated with improved reporting ..." in an April 1993 report, confirming BLS' findings and helping restore public confidence in this important economic indicator.

PRICES AND LIVING CONDITIONS

The Prices and Living Conditions program develops comprehensive measures of price change in retail and primary markets and does research to improve measurements. The data yield the elements needed to analyze price behavior and movement relative to major economic change.

As part of a government-wide initiative to improve economic statistics for service industries, BLS published the first producer price index for hospitals. In 1993, BLS developed the reviseddesign to conduct the next Consumer Price Index recommended in the Vice President's National Performance Review.

■ Compensation and Working Conditions

This program studies employee compensation, using data on worker earnings in many occupations, industries and areas; develops information on employee benefits and their costs to employers and compiles statistics on workplace injuries and illnesses.

The main objective in 1993 was delivering locality pay surveys, needed to implement the Federal Employees Pay Comparability Act while maintaining BLS Area Wage Surveys and the Service Contract Act Wage Surveys for ESA. The data include pay surveys for 32 metropolitan areas and the rest of the United States. Results were sent to the President's Pay Agent ahead of schedule. BLS provided many special analytical tabulations to aid the Pay Agent and the Federal Salary Council. BLS also published 245 survey reports, including the 125 done under contract to ESA.

BLS implemented the redesigned Survey of Occupational Injuries and Illnesses, including collecting and processing information on 1992 workplace injuries and illnesses. Forty-one States and four territories participated, assuming 50 percent of the cost. BLS surveyed employers in the other nine States and the District of Columbia.

■ Productivity and Technology

This program measures productivity trends in the economy, major sectors, individual industries and government; analyzes these movements to understand the factors underlying productivity change; investigates the nature and effect of technological change in industries and across industry lines and develops comparable measures of productivity, labor force and employment and hourly compensation costs for other countries.

■ Employment Projections

The Employment Projections program develops information on the labor market for 5-15 years in the future; labor force trends by sex, race and age; employment trends by industry and occupation and their implications for employment opportunities for specific labor-force groups. ◆

◄ *A census Bureau collector gathers data on a citizen's job situation for the Current Population Survey, which is then given to BLS for analysis. The Survey currently covers some 60,000 American households.*

There are several other organizations that contribute to the Department's mission by supporting its overall management. They give policy advice to the Secretary on issues affecting working women; methods to enhance productivity in the workplace; ways to encourage quality management; skills that match the latest technologies; management —worker cooperation and how to promote the values, productivity potential and example of America and her workers throughout the world.

■ PURSUING HIGH-PERFORMANCE WORKPLACES

On July 19, 1993, the Secretary of Labor founded the **Office of the American Work-place (OAW)** as a national focal point for achieving his goal of encouraging creation of high-performance work practices and policies.

The new agency is founded on a belief that U.S. companies can improve their long-term business results and enhance the quality and number of American jobs by tapping the experiences of workers and learning the lessons of America's best workplaces.

OAW is designed to help business and labor promote high-skill, high-performance workplaces and safeguard the internal democracy and financial integrity of labor unions. OAW elevates the labor-management relations functions in the Department to a level of greater visibility and influence to meet the economic challenges facing employers and workers in the 1990s and beyond.

OAW, with the Department of Commerce, held a national conference on the Future of the American Workplace in Chicago in July 1993. President Clinton and Secretaries Reich and Ron Brown led the session on components of the new workplace, benefits to their adoption, barriers to their acceptance and strategies for public and private workplace partnerships. Some 600 attendees included business and labor leaders, academics and public policy makers.

Staff from the chief economist's office and OAW produced for the conference *High-Performance Work Practices and Firm Performance*, a survey of research on the effectiveness of high-performance work practices. It suggested a positive relationship to productivity.

The President issued Executive Order 12836, repealing a previous order requiring government contractors and subcontractors to post notices informing employees about the payment of union dues or fees. The Office of Labor-Management Standards (OLMS) then repealed regulations implementing this executive order. OLMS also published for notice and comment proposed

► SECRETARY REICH, *with Solicitor Thomas Williamson and Wage and Hour Administrator Maria Echaveste, announces $16.2 million Food Lion settlement August 3, 1993.*

regulations that would rescind earlier rules requiring reporting of certain labor organization expenditures by functional category on union annual financial reports. The proposal retains, however, the establishment of a new, abbreviated report for labor organizations with less than $10,000 in annual receipts.

The Department extended indefinitely reporting requirements of the Airline Rehire Program, established by the Airline Deregulation Act to allow preferential hiring of certain workers terminated or furloughed in the 10 years following its passage in 1978. The extension was required due to an ambiguity in the law.

■ ADDRESSING GLOBAL LABOR ISSUES

In FY 1993 the **Bureau of International Labor Affairs (ILAB)** advanced the Secretary's goals of creating higher-wage, higher-skilled jobs for America's workers by overseeing the Department's international responsibilities and helping formulate international economic, trade and immigration policies.

■ CREATING AMERICAN JOBS BY EXPANDING INTERNATIONAL TRADE

ILAB helped negotiate the North American Free Trade Agreement (NAFTA); helped prepare the implementing legislation sent to Congress and was a principal in negotiations, with Mexico and Canada, on the supplemental NAFTA Agreement on Labor Cooperation. The three countries will oversee the enforcement of labor law, including employment standards, minimum wages, worker safety and health and child labor.

ILAB participated in activities related to the Uruguay Round of multilateral trade negotiations of the General Agreement on Tariff and Trade and, at the request of the U.S. Trade Representative, refined and modified the U.S. proposed commitment for temporary visa admission of specialty-occupation non-immigrants under the General Agreement on Trade in Services. ILAB also participated in negotiations on technical barriers to trade — health and safety standards that required coordination with the Occupational Safety and Health Administration and Mine Safety and Health Administration. ILAB also was instrumental in formulating interagency policy to implement the worker rights provisions of the U.S. Generalized System of Preferences Program.

ILAB helped negotiate a series of bilateral textile agreements, the Uruguay Round agreements on textiles and apparel and a number of commodity-trade problems including steel, semiconductors, computers, supercomputers and U.S. auto and auto parts exports to Japan.

ILAB evaluated the effects of U.S. international economic policies and foreign economic developments on the earnings and employment of workers in the U.S. Research included analysis of the impact of changes in international trade, investment and technology transfer on U.S. workers.

■ Working Cooperatively to Support International Labor Standards

ILAB coordinated U.S. representation at the annual meeting of the International Labor Organization (ILO) and at a meeting of the Labor Ministers of the Organization for Economic Cooperation and Development (OECD), which discussed labor market policies for the 1990s. ILAB was instrumental in designing and gaining tri-partite support for significant improvements in the functioning of the ILO's governing body and coordinated U.S. support for the ILO's invitation to President Clinton to address the 1994 Conference.

ILAB continued its technical aid programs in Poland, Hungary, Bulgaria, Albania, Romania and the Czech and Slovak Republics to help the movement toward democracy and free markets. Staff worked to set up employment service offices, develop programs to help dislocated workers, teach worker skills and introduce

◂ **Randy Wilson**
Public Affairs Specialist, New York Regional office, produces "The Workplace," a series of one-minute features now being used by more than 400 radio stations.

entrepreneurial development. Technical support programs also were conducted with governments in Guatemala and Saudi Arabia. ILAB monitored labor developments in foreign countries and joined interagency discussions on international labor standards and worker rights. ILAB and the State Department continued to administer the U.S. labor attache program and consider ways to reorganize and strengthen it.

■ Maintaining a Strong Workforce

ILAB researched and helped formulate U.S. immigration policy, served as the Department's experts on U.S. and international migration programs and practices and prepared position papers on international labor flows. ILAB continued to work actively within the Administration on a variety of immigration-related proposals, including leading interagency efforts on the NAFTA chapter governing temporary entry of workers and in OECD working groups, reporting on labor market impacts related to the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990 and representing the Department in United Nations immigration activities.

■ Reinvention: Dollars and Sense

ILAB recreated its National Performance Review investigation as a cooperative effort co-chaired by ILAB staff and Local 12. Cross-functional teams that work across organizational boundaries were developed to investigate and make recommendations on reinvention possibilities in the areas of cost reduction, productivity and

▲ **Women's Bureau**
Staffers Abbie Steele (left) and Rebecca Griffin (white hat), volunteered their service during a Habitat-for-Humanity project.

technology, ergonomics, communication, administration and procurement, human resources and long-term planning. A survey will ask employees how to make ILAB the most satisfying work environment possible.

Expenditures for periodicals were slashed by two-thirds by eliminating unnecessary and duplicate subscriptions. Creating centrally located and shared resources reduced the volume of materials ILAB receives from the DOL Academy by over 80 percent. ILAB also eliminated its receipt and distribution of hundreds of unnecessary and duplicate classified materials from the Departments of Defense and State and has initiated a project to further rationalize its responsibilities for secured materials. Working together, ILAB and the Secretary's office reduced from weeks to days the time it takes to respond to the dozens of outside requests for meetings with the Secretary. This new scheduling system increased ILAB productivity and vastly improved customer service. To increase inter-office communications, ILAB also instituted regular "All-ILAB" meetings, with the Secretary attending the inaugural event, to discuss ILAB's mission, objectives and procedures.

■ SEEKING WORKPLACE FAIRNESS FOR WOMEN

The **Women's Bureau** promotes the welfare of wage earning women and seeks to improve their working conditions, increase their efficiency and advance their opportunities for profitable employment.

In FY 1993, the Bureau redirected its programs, research and analysis to focus on mainstream working women, emphasizing their job rights. Nearly 400,000 publications were distributed nationwide, informing women of their job rights and giving them the knowledge needed to access employment opportunities. The Bureau's *Nanny Package* was the first Federal publication of its kind to address the legal requirements of hiring household workers. A variety of research and other agency-funded outreach projects were granted to concentrate on special issues of interest to working women including women's employment outlook to the year 2005, contingent work, child care

costs as a barrier to women's employment, workplace family-friendly policies, training in math and science, strategies for creating high performance workplaces, better worker-management relations and labor law reform. The landmark publication, *Labor Law Reform: Viewpoints from the Working Women Conference*, was the first national discussion on labor law reform and its impact on working women.

The Bureau continued efforts to increase the number of women and minorities in apprenticeships through the JTPA Nontraditional Employment for Women Demonstration Program. The Bureau briefed over 100 delegations of international visitors on the role of women in the U.S. labor force, their issues and concerns.

PROMOTING EFFICIENCY; TRACKING WASTE, ABUSE AND FRAUD

The **Office of Inspector General (OIG)** is charged with promoting economy, efficiency and effectiveness in Department programs and operations; preventing fraud and abuse through audits of Department programs and activities and investigating suspected wrongdoing by Department contractors, grantees, program participants or beneficiaries and employees. OIG also conducts criminal investigations to eliminate the influence of organized crime and labor racketeering on employee benefit plans, labor-management relations and union affairs.

In FY 1993, the most significant activities that OIG concentrated on were the ineffectiveness and vulnerability of various job training programs; weaknesses in the Department's adjudication function; fraud in the Department's worker benefit and compensation programs; the continuing inadequacy of pension plan audits; the increasing problem of employer-sponsored health insurance fraud; eliminating the influence of organized crime, labor racketeering and corruption in employee benefit plans and labor organizations; and weaknesses in Departmental management.

▲ ROBERT CURTIS
Director, Office of Performance Audits, OIG, National Office

OIG issued 420 audits of DOL programs and operations and opened 378 investigations of suspected wrongdoing by Department contractors, grantees, program participants, beneficiaries, and employees. OIG also opened 123 criminal investigations to eliminate the influence of organized crime and labor racketeering on employee benefit plans, labor-management relations and union affairs.

OIG audits questioned the expenditure of $29.8 million and recommended that another $.25 million in Department funds be put to better use. As a result of audits, Departmental management disallowed $27.8 million in contractor and grantee expenditures in FY 1993.

Investigative accomplishments included 199 indictments, 152 convictions and $11.2 million in monetary results. Criminal investigations into corruption in employee-benefit plans, employee-management relations and internal union affairs conducted by OIG achieved 250 indictments, 150 convictions and $52.5 million in monetary results.

For more detail on specific accomplishments from audits and investigations, please see the Semiannual Report, Office of Inspector General.

■ SHAPING, MANAGING AND COMMUNICATING DEPARTMENT POLICY

In FY 1993 the **Office of The Assistant Secretary for Policy (OASP)** supported the Secretary, the Secretary's office, line agencies and external agencies through leadership and representation on various work groups. Work proceeded along three main paths: policy process, project management and policy communications.

■ Policy Process

Work began on the Policy Center. It will serve multi-agency teams on high-priority Secretarial projects. Its associated technologies and services will facilitate a more flexible, collaborative and product-oriented policy-making process.

A new regulatory process for the Department was designed on a team-based system that prioritizes regulatory actions and places primary responsibility with the line agencies.

A policy-tracking system was created and implemented to help Department management respond quickly to policy issues.

■ Project Management

OASP managed the Department's portion of the School-to-Work Initiative (a multi-Departmental legislative effort to promote effective school-to-work transition programs); led the task force on contingent workers and presented a report and briefing to the Secretary; developed recommendations on enforcement enhancement strategy for the FY 1995 Departmental budget; analyzed fiscal policy incentives to expand employer-provided training and developed cost estimates for the Employment and Training Administration.

■ Policy Communications

Staff worked with the Secretary and the Office of Public Affairs to develop Secretarial communications through work on major addresses, Congressional testimony and White House communications and supplied extensive data and graphics support for Secretarial presentations and projects.

The four OASP functional offices worked on new or ongoing issues.

■ **The Office of Program Economics** focused on employment and training programs and dislocated workers; immigration issues such as implementation of regulations under the Immigration Act of 1990, Immigration Nursing Relief Advisory Committee and farmworker issues under the Immigration Reform and Control Act of 1986. The office also researched the use of foreign nurses and the demographic characteristics of farm workers.

■ **The Office of Regulatory Economics** supplied technical expertise to the President's Health-Care-Reform Task Force and directed preparation and publication of the *Small Business Handbook*, offering comprehensive, plain-English descriptions of Department regulatory programs. More than 30,000 copies have been distributed.

Work was started to make greater use of alternative dispute resolution mechanisms Department-wide.

The Substance Abuse Information Database was released. It is a PC-based compilation of information to help employers, especially small businesses and groups that work with them, to establish workplace substance abuse programs. Work also began on a substance-abuse-in-the-workplace initiative to enlist the support and assistance of trade associations in making their members aware of the problems of substance abuse and what they can do about them.

■ **The Office of Economic Policy Analysis** supported Departmental efforts in labor-management relations, labor law and international labor affairs and represented the Department on the National Economic Council (NEC) Maritime Industry working group and the Organization for Economic Cooperation and Development's (OECD) Local Employment Initiative Project. This project provides information exchanges on various employment programs within OECD countries and entrepreneurial help to promote local-level job creation.

◄ LAURISTON H. LONG
Attorney, SOL
National Office

■ **The Office of Research and Technical Support** represented the Department and gave analytical support to NEC working groups on the Civil Aviation Industry and Small and Growing Businesses. Staff completed a major technical study for ETA and MSHA on projected regional employment impacts of the 1990 Clean Air Act amendments.

Staff developed a Lotus Notes-based Secretarial Communication Data Base to enter and retrieve Secretarial speeches, testimony and other major communications. The Office also researched the job-quality issue and employment-related policy initiatives under development by other Departments and delivered numerous analyses on diverse issues such as franchising and federal investment spending.

ENFORCING THE NATION'S LABOR LAWS

In FY 1993, the Office of the Solicitor (SOL) counseled the Secretary and Departmental officials on more than 130 Federal labor laws; participated in legislative, enforcement, adjudicatory and international activities and brought litigation before Federal courts and administrative tribunals.

Black-Lung Benefits

In appellate litigation under the Black Lung Benefits Act, SOL defended the **true doubt rule**, a burden-of-proof rule that requires a ruling for the claimant when there is equal evidence for and against the claimant's assertion. There were two favorable and one unfavorable appeals-courts decisions. The Supreme Court has agreed to review the adverse decision in *Director, OWCP, U.S. Department of Labor v. Greenwich Collieries*.

Mine-owner assets were frozen, under a previously unused provision of the Black Lung Benefits Act, to secure mine-owner liabilities to the Black Lung Benefits Trust Fund, and SOL began collecting about $2 million owed the fund by operators who had contested their liability for medical benefits.

Civil Rights

An amendment to section 503 of the Rehabilitation Act legislatively reversed *Washington Metropolitan Area Transit Authority v. DeArment* and reinstated the Department's prior interpretation that nondiscrimination and affirmative action requirements for disabled workers apply to all of a covered contractor's workers.

In other activities involving violations of the laws administered by the Office of Federal Contract Compliance Programs, SOL obtained debarment of Milwaukee Fence Co. and Layton Construction Co.; resolved 22 cases by consent decree, including several pattern or practice cases; obtained, in two actions against Stouffer Foods Corp. involving race and disability discrimination, about $800,000 in back pay for 210 individuals and job placement for 11 rejected minority- and six disabled-applicants; won $750,000 in back pay for poultry-worker applicants rejected for employment based on pre-employment physical examinations (*OFCCP v. Holly Farms Foods*).

In OFCCP v. Exxon Corporation, the administrative law judge ruled that section 503 of the Rehabilitation Act prevented Exxon from transferring an employee from a job as field foreman for the sole reason that the employee was a recovering alcoholic.

Employment and Training

SOL obtained a favorable decision under the Job Training Partnership Act (JTPA). In the *City of New Orleans v. U.S. Department of Labor*, the court ruled that JTPA set out a specific administrative system with exclusive judicial review in the courts of appeals. A $2.76 million settlement was reached.

International Affairs

SOL attorneys gave significant legal assistance to the interagency team that negotiated the North American Free Trade Agreement and the North American Agreement on Labor Cooperation.

Legislative Activities

SOL furnished legal services for enactment of the Family and Medical Leave Act and the North American Free Trade Agreement Implementation Act and worked to further veterans' employment and reemployment rights; establish a framework for a national school-to-work opportunities system; reform the black-lung benefits program; establish a national skill-standards system and develop legislative initiatives for OSHA reform, the National Performance Review, pension protection, unemployment and immigration.

Labor-Management Standards

SOL helped prepare new financial reporting forms for use by the 37,000 labor organizations subject to the Labor-Management Reporting and Disclosure Act and the Civil Service Reform Act.

Labor Standards

SOL helped prepare Family and Medical Leave Act regulations and obtained the largest private-sector minimum wage/overtime wage recovery and penalty assessment in the history of the Fair Labor Standards Act (FLSA) — $16.2 million in back wages and penalties for violations of the minimum wage, overtime and child labor requirements of the FLSA *(Reich v. Food Lion, Inc).*

In an appellate case, *Reich v. State of New York*, the court held that criminal investigators for state police were not administrative employees exempt from the FLSA.

In another appellate case, *Reich v. Great Lakes Indian Fish and Wildlife Commission*, the court declined to enforce our administrative subpoena directed to an Indian tribal employer. The court held that an Indian agency's law enforcement employees and any other employees of the agency exercising governmental functions are FLSA exempt if employees of other governments exercising such functions are given special consideration under the FLSA.

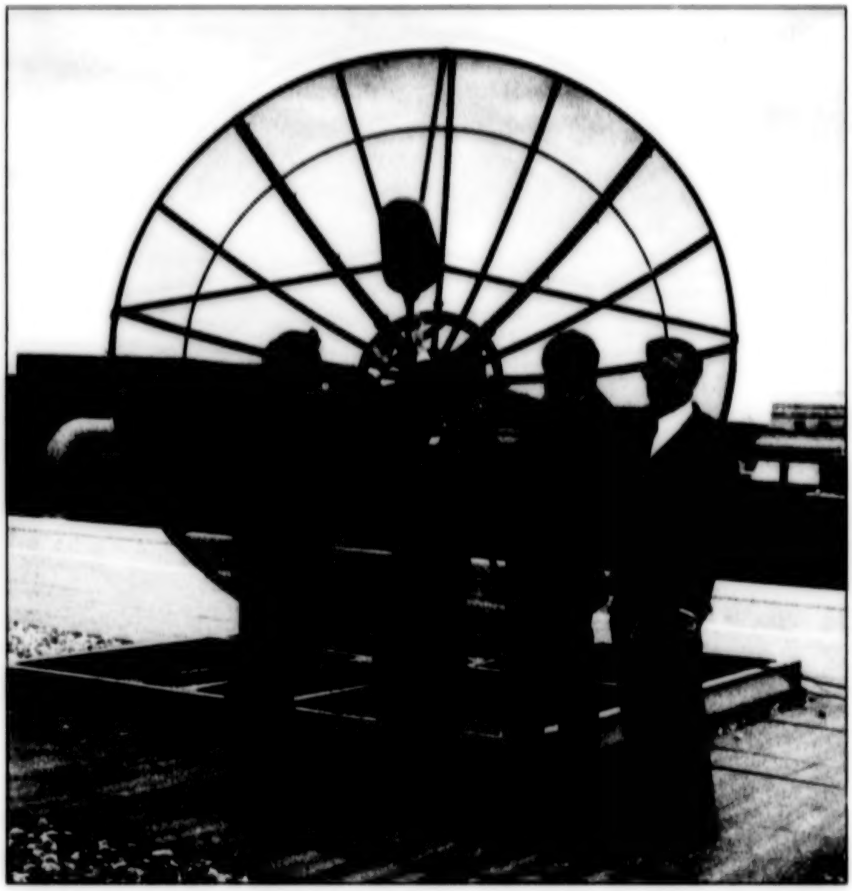
In *Reich v. IBP, Inc.*, pending on appeal, the district court ruled that donning of personal protective safety gear in meat-packing production was an indispensable part of the employees' principal activity and was therefore compensable under the FLSA.

Mine Safety and Health

In respirable-dust litigation before the Federal Mine Safety and Health Review Commission (MSHRC), SOL received an unfavorable decision after a common issues trial of more than 400 mine operators. MSHRC found that existence of an abnormal white center on a dust filter was not sufficient to presume tampering. The Department is proceeding against specific mine operators to prove tampering in individual cases. Related criminal charges brought 123 guilty pleas for submitting false samples.

In *American Mining Congress v. MSHA*, the Court of Appeals for the District of Columbia Circuit held that a policy letter clarifying what constitutes reportable diagnosis of illness was an interpretive rule rather than a legislative rule under the Administrative Procedure Act and was not required to undergo a notice-and-comment rulemaking.

In *Kerr McGee Coal Corp., MSHRC* held that regulations regarding the selection of a



▲ *L-R:* **Stan Hankin, Rita Keilty, Tom Accardi (public affairs) and Walter Martin (OASAM)** *brought satellite transmission and reception to the national office*

representative by miners under the Mine Act do not create an impermissible conflict with the National Labor Relations Act merely because such regulations allow a union, which is not the miners' collective-bargaining representative, to be chosen as a miners' representative at a mine for purposes of the Mine Act.

In a major criminal case, SOL worked with Federal prosecutors to obtain guilty pleas and a settlement of $3.75 million from Pyro Mining Company to a 32-count indictment arising from a 1989 mine explosion that killed ten.

■ Occupational Safety and Health

SOL won a decision against *Caterpillar, Inc.*, from the Occupational Safety and Health Review Commission (OSHRC) that validated the enforcement program for egregious health and safety violators, which has collected millions in penalties since 1986.

In *IMCF/ANGUS*, involving the right of workers to contest the reasonableness of abatement dates, OSHRC upheld the Department's practice of attempting to involve workers in the settlement of citations and affirmed the policy of obtaining corporate-wide settlement agreements in egregious cases, thus protecting employees at worksites not inspected.

■ Plan Benefits Security

In *District of Columbia v. Greater Washington Board of Trade*, the Supreme Court agreed that the Employee Retirement Income Security Act (ERISA) preempts the city statute requiring employers who provide health benefits to continue them for those on workers' compensation. In *Local 144 Nursing Home Pension Fund v. Demisay*, the

Supreme Court agreed with the Department that Federal law does not require multi-employer benefit plans to transfer a part of the reserves to new plans set up by departing employers.

In *Mertens v. Hewitt Associates*, the Supreme Court rejected the contention that ERISA authorizes courts to award full make-whole relief to individual plan participants, holding that such relief is limited to equitable relief, such as injunction and restitution of profits.

In *Reich v. Raymark Indus., Inc. and Reich v. American National Can Co.*, SOL alleged the imprudent selection of Executive Life annuities without meaningful analysis of its creditworthiness.

SOL moved, in *Reich v. Kirel and Reich v. Buckhannon*, to shut down illicit and financially insecure health insurance schemes that attempt to evade state insurance laws by claiming to be ERISA health plans.

In *Reich v. Valley National Bank*, the court entered judgment for $27 million in losses to employees caused when an Employee Stock Ownership Plan purchased employer stock at an inflated price. In actions against Spalding & Evenflo Companies, Inc. and Braniff, Inc., SOL won favorable administrative law judge opinions in the first cases brought under the reporting requirements of section 502(c)(2) of ERISA.

Workers' Compensation

In *Bath Iron Works v. Director, OWCP*, the Supreme Court resolved a conflict in the circuits regarding section 8(c)(13) of the Longshore and Harbor Workers' Compensation Act. It held that a retired worker's hearing-loss claim must be compensated as a scheduled benefit rather than compensation for occupational diseases that disable after retirement.

In *Director, OWCP v. Maher Terminals, Inc.*, the Third Circuit rejected application of the **true doubt rule**, which has the effect of placing the risk of non-persuasion on the employer or carrier in a Longshore Act proceeding. It held that a claimant has the burden of persuasion in such actions. The Supreme Court has agreed to review this decision in conjunction with review of the earlier mentioned black-lung-benefits true-doubt-rule case.

In *National Association of Federal Injured Workers v. Reich*, SOL successfully defended a challenge to the new regulation denying lump-sum payments of wage-loss compensation under the Federal Employees' Compensation Act.

IMPROVING MANAGEMENT AND ADMINISTRATION

The Office of the Assistant Secretary for Administration and Management (OASAM) develops, implements, reviews and evaluates Department-wide financial, administrative and management policies and procedures.

Customer-driven Results

In FY 1993, OASAM formulated and implemented a number of Department reinvention initiatives and recommendations of the National Performance Review Commission. OASAM's goal to improve delivery of quality customer service resulted in elimination of unnecessary layers of approvals, rules, regulations and paperwork. Other initiatives obtained results by redirecting financial, procurement, personnel and information-resources-management programs.

Credit-card use was mandated for small purchases up to $2,500, including ADP equipment, and substantially decreased the paper work of procurement.

A major project was the modernization of the Department's Time and Attendance (T&A) processing method. Steps were taken to eliminate the need to submit routine biweekly T&A cards; under the new

► *L-R: National Office telephone operators* **Marie Tyler, Lois Thomas, Carlyle Prince and Irene Hammonds** *(seated) process more than 800 calls each day*

method, cards will be submitted by exception. The new procedure assumes all active employees worked the tour hours recorded in the payroll system unless revised data are entered. A Supervisor Certification and Exception Report consolidates T&A data of all employees assigned to a timekeeper and supervisor and eliminates the requirement to submit time sheets for each employee.

OASAM coordinated the Department's efforts as a pilot agency under the provisions of the Government Performance and Results Act and promoted use of significant performance measures for financial management operations.

A comprehensive review of the Department of Labor Manual Series (DLMS) and administrative delegations resulted in elimination of 73 percent of the DLMS multiple review and approval levels. With more administrative authority delegated to program managers, effective decision-making and timely actions in FY 1994 will be taken in areas such as position classification, performance and travel management. With the goal of creating paperless offices, actions were initiated to expedite the automation of standard-use forms. A National/Regional Office task force was convened to address further use of computer technology to reach this goal and prioritize forms for automation.

■ TEACHING AND TRAINING FOR EMPLOYEE GROWTH

The DOL Academy recognizes and responds to the need for Department employees to learn and grow in ability, productivity and creativity to better accomplish the Department's goals.

The Academy presented eight Senior Executive Service (SES) forums. Since 1978, nine Federal Departments have joined this series.

■ **The Orientation Program for New Employees** was revised to conform with OPM recommendations, and the Orientation Program Package for new field employees

was revised; 108 field and 80 national office-employees completed programs.

One hundred seventy six employees participated in Investing In Your Future: a Financial Planning And Retirement Preparation Seminar; 65 employees attended a seminar on Federal Appropriations Law.

Eight hundred thirty four supervisors in the National Office and 726 in the regions attended supervisory development courses. In the Professional Development Program there were 173 employees trained in the National Office and 1056 in the regions.

The Academy taught Practical English and the Command of Words to 95 in six regions. To determine if students are using the skills they learned, 11 post-course evaluations were conducted. The Lifetime Student Program gave after-hours courses in sign language, CPR, French, Spanish and becoming a notary public.

The Academy had five graduates in the Women's Executive Leadership (WEL) Program.

In September 1993 the Academy announced the Executive Potential Program, which gives management training to journeyman/specialists.

In other activities, the Academy sponsored Career Transition Workshops and a mentoring program for the Career Enhancement Program; issued three revisions to the *Training Policy Handbook;* 10 revised chapters of the *Supervisor's Reference Guide* and the guide *Developing the Writing Abilities of Others.*

The Academy was consulted by six Federal agencies as a model training operation. Its programs were included in OPM's new catalog, *A Reference Desk Guide for Supervisory, Management and Executive Development Programs*, and the the Academy's Human Resources Development Institute was profiled by OPM in *Bringing Skill Centers to the Federal Workplace.*

The Academy Human Resources Development Institute was established. It includes the Office Professionals Training Program, the Micro-computer Training Program and the Career Development Center.

The Office Professionals Program gave 72 courses in the National and Regional Offices for 1140 employees. The Workplace Skills Lab instructed 29 clients over 279 hours. The Career Counseling Center had 271 clients in the National Office, 27 in regional offices. The Computer Assisted Learning Center had 765 students for 2192 hours of study; there were four new courses. Five hundred employees took microcomputer courses.

Borrowers in the National Multi-Media Resource Exchange numbered 2,963. Training resources were increased to 742 items, including eight closed-captioned videos.

The Academy Consultancy Program served 17 agencies in 47 sessions. Services included team building, group facilitation, interest-based negotiations and grievance handling workshops, organizational development services and training in support of reinvention activities. ◆

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Recently there has been a growing recognition in America that our workers are among the nation's most valuable resources and play a crucial role in determining our future economic and social strength.

◄ **YOUTHWORKS, PITTSBURGH, PA**
This JTPA Presidential-Award summer program operated by the Pittsburgh Partnership employed 1,600 inner-city, disadvantaged youths to learn while working on community projects, including housing rehabilitation, landscaping and intergenerational activities with nursing home residents.

All of the Department's activities are in a very real sense down payments on longer-term investments in the nation's human capital — the skills and capacities of our workforce. For too long, we have been unwilling to make serious investments in this capital; rather, we have been content with diffuse and incomplete efforts.

Today, we can afford nothing less than to make America's employment and training system the best it can be. The vigor of the nation's economy depends upon steady rises in productivity and flexibility, objectives which we cannot attain unless we revitalize our workforce.

Such revitalization requires a sustained surge in our investment in the skills of America's working men and women. The real earnings of frontline workers have halted their postwar climb and have been falling for the past decade and a half. Building up the workforce is the key to getting the American economy back on track, because the American workforce *is* the American economy.

There are three broad components to the Department's fundamental mission of maximizing investment in America's human capital. We must prepare our young people for their *first jobs*. We must equip those of us threatened by economic change to secure *new* jobs. And we must restore the American promise of steadily *better* jobs, over time, for all of our workers.

■ PREPARATION FOR FIRST JOBS

For young people, preparation for the first full-time job can be critical. It can mean the difference between entering a career that holds the promise of continued learning and increasing earnings, or taking a job with uncertain opportunities and little hope for better earnings in the future.

The lack of any structure to help young people successfully make the transition from school to work is especially damaging to youth who never earn a traditional college degree (the majority of all American youth).

Under the President's leadership, the Department of Labor and the Department of Education are working together to create a new

nationwide school-to-work transition system. It is designed to join school-based and work-based learning to make it easier for young Americans to identify and navigate pathways to productive and progressively more rewarding work roles.

The *first jobs* component of the workforce-investment agenda also includes improving the Summer Youth Employment and Training Program and expanding the experience-proven services of the Job Corps. Emphasis in summer program improvement will be upon enriching the program's academic component through incorporation of basic skills assessment, tailored learning programs and closer coordination with schools. Job Corps expansion aims at an eventual 50 new centers and a 50-percent increase in slots.

■ Creation of New Jobs

We need to face the fact in this nation that for millions of people among the ranks of the jobless, recovery of the U.S. economy does not automatically mean resumption of employment. Workers who have lost their jobs in recent recessionary times are much less likely to get them back than in previous economic downturns and must find employment in new occupations and industries.

Fewer and fewer Americans can expect to stay in the same job throughout their careers. More and more of us face the challenge of finding new roles in the working world, maybe even several times. The economy of today and tomorrow demands lifelong learning, and the President's employment and training vision strongly emphasizes helping American workers explore and prepare for *new jobs*.

The current economy also places a premium upon creating new jobs because of the increases in job loss through various forms of economic dislocation. These include adjustments in foreign trade, defense downsizing, environmental impacts, technological change, plant closings and mass layoffs and natural disasters.

Consequently, this Administration seeks to merge programs that target dislocated workers into a new, universal, comprehensive worker adjustment program. Among the program's features would be an enriched array of basic adjustment services, training if needed and income support. The program will increasingly emphasize rapid response and early intervention and will provide more tailoring of services to each participant. Data on program quality will be collected to encourage wider and more informed participant choice among service providers.

In addition, to facilitate job information access for adults seeking to change jobs or careers or to develop new skills, DOL proposes to develop one-stop career centers that will streamline provision of employment and training information, testing and assessment services, referral to skill training programs and job-finding assistance.

■ Improvement of Current Jobs

Better jobs will come from America's increased investment in work and learning only if this investment is guided by a clear understanding of the skills and competencies our workers need to help maintain the nation's competitiveness. A major Departmental step in this direction is to build, again in partnership with the Department of Education, a national structure for developing and encouraging the use of voluntary skills standards and competencies. In this initiative, we will take advantage of significant contributions that have already been made by business, labor, educators and States.

Once the network of voluntary skills standards has been built, students and workers seeking to upgrade their skills will be better prepared for high-wage jobs. In addition, businesses — especially small and medium-sized employers — will be enabled to hire workers who are more highly skilled.

Finally, we are encouraging American businesses to do everything they can to organize work for high performance. World-class skills and competencies cannot have full impact in strengthening U.S. competitiveness unless work is organized in a way that fully uses the talents and energies of this nation's highly skilled front-line workers. ◆

◄ *"Better jobs will come from America's increased investment in work and learning – if this investment is guided by a clear understanding of the skills and competencies our workers need to help maintain the nation's competiveness."*
Robert B. Reich
Secretary of Labor

Distinquished Employee Awards

The Philip Arnow Award

Thomas C. Komarek
Washington, D.C.

Mr. Komarek's career with the Department has been distinguished by his major contributions, for the last 11 years as Assistant Secretary for the Office of Administration and Management (OASAM) and previously as an official of the Employment and Training Administration (ETA). As Assistant Secretary, he has led the Department's administration and management to support the Department's major program goals and enhance the ability of its employees to achieve those goals. By continuously assessing and improving these functions Mr. Komarek has placed the Department at the front in the current reinvention of the Federal government.

Mr. Komarek began with the Boston Regional Office of ETA in 1971. He soon exhibited natural leadership abilities and the qualities of a high achiever. As Deputy Regional Administrator and Financial Manager, he designed internal financial controls that were emulated nationally. As Acting Regional Administrator in New York, he managed the country's most ambitious public-service-employment hiring program, with more than 40,000 jobs created in less than a year. As Chicago Regional Administrator, he transformed a 200 person office to one of the top regions in all key management indicators.

As ETA Comptroller he erased a backlog of more than 1,000 audit resolutions. He developed ETA's Cash Control Program that returned $132 million to the U. S. Treasury and netted annual interest savings of over $15 million.

He was a key influence in changing from categorical program operations to the Comprehensive Employment and Training Act way of delivering services. He worked arduously to develop staff abilities to deliver technical aid to manpower sponsors and agencies. He assimilated the fast-changing situations required for implementation of CETA and wove those efforts into the overall delivery of comprehensive services.

Since 1983, as Assistant Secretary for Administration and Management under six labor secretaries, Mr. Komarek's strong relationship with key Congressional committees and their staffs and the Office of Management and Budget gave him the power and persuasion to represent the Department's annual budget examination process.

Mr. Komarek's ability to turn concepts into action has placed the Department in the forefront of the public and private sectors on improved operations and products; reduced costs; improved quality of work. He launched multiple Departmental programs for a better, more productive workplace and helped prepare for the social-industrial challenges of the future.

For Secretary Brock's goal of improved national-regional office communications, the Executive Computer Network (ECN) was created, providing a nationwide office automation environment of word processing, spreadsheets, graphics, data bases and quick information sharing among executive, supervisory, employee and group members of Local Area Networks. To meet Secretary Reich's vision of helping the front-line worker, ECN was extended to enforcement and compliance officers.

To maximize computer technology benefits

Mr. Komarek sponsored two new Departmental systems. In 1985, personnel operations were improved with implementation of the Personnel Management Information System (PERMIS) giving managers and staffs access to a personnel database and interface with the DOL payroll system. To meet GAO standards, the Department's core accounting system (DOLAR$) became operational in 1991 and allows improved management of the Department's finances.

Through his commitment, all requirements of the Chief Financial Officer Act were implemented and the Department was named a lead agency to develop audited financial reports.

In 1982, GSA gave Mr. Komarek responsibility for managing the Frances Perkins Building. Building operations improved substantially by using in-house experts and contracted labor: An energy management program saved $480,000 annually without affecting employee comfort or productivity. Reduced space holdings in the Washington D.C. area of one million square feet resulted in a net saving of $11.5 million annually.

Systems work stations were bought 67 percent below retail price.

Improvements in the Federal Telecommunications System saved $1.3 million. A replacement host-computer-services contract has saved $2.5 million annually.

His emphasis on reducing Federal Employees Compensation Act claims in DOL and rehabilitation of injured employees who could be returned to work is a model for other government agencies. As a member of the President's Council on Management Improvement, he developed a guide, *Creating a Safer, Healthier, More Productive Workplace.*

Projected savings from workers who have returned to DOL jobs since 1990 are more than $50 million for the Department.

Mr Komarek:

- instituted a relocation program to offer transferred employees use of commercial specialists for real estate transactions, various advisory services and the government-wide contract for purchase of employees' homes;
- developed a model program to deal with sexual harassment in the workplace;
- implemented the *Employee Benefit Statement* to show personal retirement contributions, leave balances, health and life insurance coverage, and other benefits;
- helped negotiate, using a win-win approach, two labor agreements covering field employees and national office employees. The agreements and techniques used have been acclaimed as models for the Federal government.

Improvements were made in services to employees in the Frances Perkins Building. The Day Care Center was expanded and improved to serve the needs of up to 125 children and insure their safety. A first-class fitness center was constructed. A Recruitment and Career Information Center was established to provide job and career information. The cafeteria was renovated. More exterior lighting and guard patrols were added for increased employee safety.

Mr. Komarek's decisive leadership ability has substantially enhanced the programs and services of the Department and improved the lives of employees of the Department. ◆

Distinguished Career Service Awards

IN RECOGNITION OF CAREER SERVICE
MARKED BY SUSTAINED
HIGH QUALITY AND EFFICIENCY

NATIONAL OFFICE

BUREAU OF INTERNATIONAL LABOR AFFAIRS

Howard R. Dobson

BUREAU OF LABOR STATISTICS

Paul O. Flaim

Louise L. Henderson

John S. Pinkos

EMPLOYMENT STANDARDS ADMINISTRATION

Napoleon Branch

Cynthia Deutermann

Robert B. Greaux

Jean M. Greene

Randolph F. Lowe

Elbert Marshall

Gloria M. Milstead

EMPLOYMENT AND TRAINING ADMINISTRATION

Benny Bradley

James Deluca

Diane Edwards

Lance Grubb

Gerald Gundersen

Howard R. Dobson

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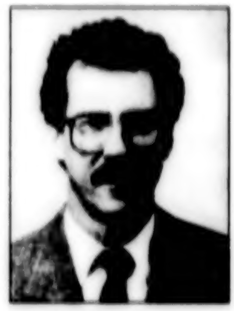

John S. Pinkos

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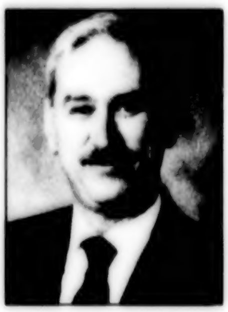

Randolph F. Lowe

Elbert Marshall

Gloria M. Milstead

Benny Bradley

James Deluca

Diane Edwards

Lance Grubb

Gerald Gundersen


Eric R. Johnson


Diane V. Mayronne


Abby McCardell Martin


Wendy L. McConnell


Sarah Moon


Gus L. Morrison


Shane M. Polasky


Mary V. Reed


Edward Tomchick


Joanne Weikel


Jack E. Tisdale


Chappell D. Pierce


Odessa D. Weaver


Richard Hunsucker


Loretta C. McClain

Eric R. Johnson
Diane V. Mayronne
Abby McCardell Martin
Wendy L. McConnell
Sarah Moon
Gus L. Morrison
Shane M. Polasky
Mary V. Reed
Edward Tomchick
Joanne Weikel

MINE SAFETY AND HEALTH ADMINISTRATION

Jack E. Tisdale

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Chappell D. Pierce
Odessa D. Weaver

OFFICE OF THE AMERICAN WORKPLACE

Richard Hunsucker
Loretta C. McClain

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION AND MANAGEMENT

Coyeen Lawton
Joyce Johnson
Magdalene W. Williams

OFFICE OF THE INSPECTOR GENERAL

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Joseph E. Fisch
Joseph F. McGowan
Carol S. Moffett
Herman A. Scott, III
Sherelene P. Thomas
Kathleen T. Young

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Daniel T. Franklin
Olga M. Harrod
Sherwin Kaplan
Lauriston H. Long
Thomas A. Mascolino
Miriam McD Miller
George L. Whitlock


Coyeen Lawton


Joyce Johnson


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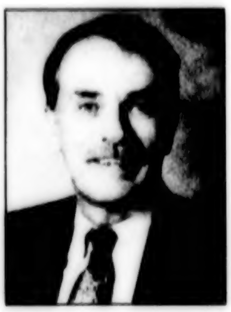
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Carmen S. Conard
George M. Holmes, Jr.
Bing Lam
Patricia H. Nitchie
Rudolph F. Nuissl

Photographs not available
Bruce A Cohen, Sol;
Shirin W. Herndon, ETA;
Patricia F. Jameson, ETA;
Drucilla H. Simms, OASAM


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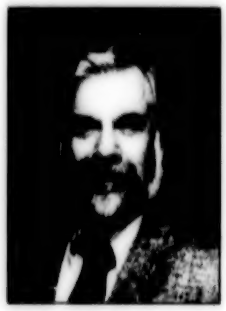
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N. Sandra Ramsey


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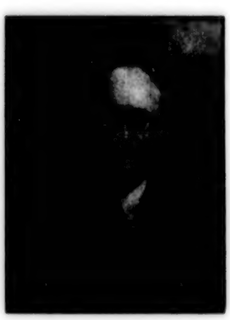
Steve A. Voss


Herbert Dodd


Toussaint Hayes

Manfred Kurtz,
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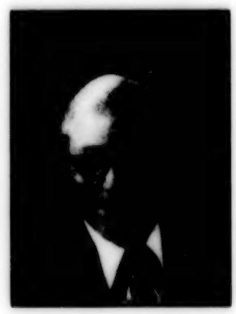
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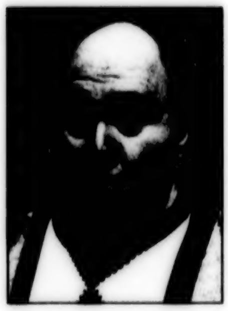
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William C. Posternack


Louis E. Chini

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PENSION AND WELFARE BENEFITS ADMINISTRATION

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Photographs not available

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Joan Steffek, ETA, *Chicago, IL;*

Labon F. Chappell, Jr., ESA, *Orlando, FL;*

George R. Radcliffe, Jr., ESA, *Jacksonville, FL;*

John L. Bonner, PWBA, *Atlanta, GA*

Assistant Inspector General's Report on Consolidated Principal Statements and Consolidating Schedules

The Honorable Robert B. Reich
Secretary of Labor
U.S. Department of Labor
200 Constitution Avenue, N. W.
Washington, D.C. 20210

We have audited the following accompanying financial statements of the U.S. Department of Labor, a department of the United States Government:

- Consolidated statements of financial position, operations, changes in net position, and cash flows as of and for the years ended September 30, 1993 and 1992

- Consolidated statements of budget and actual expenses for the year ended September 30, 1993

- Consolidated schedules of financial position, operations, and changes in net position for all fund types, revolving funds, trust funds, and general funds as of and for the year ended September 30, 1993

These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Scope

Except as discussed in paragraphs seven through nine below, we conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 93-06, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

As required by OMB Bulletin No. 93-02, *Form and Content of Agency Financial Statements*, Note 1 to the Principal Statements describes the accounting policies used by the Department to prepare the financial statements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Relationship to the Single Audit Act

The financial Statements for the years ended September 30, 1993 and 1992 include:

- Expenses for grants, subsidies, and contributions primarily with various state and local governments and nonprofit organizations, in the amounts of $7.4 and $7.1 billion, respectively;

- Expenses for unemployment benefits incurred by State Employment Security Agencies, in the amounts of $32.8 and $39.0 billion, respectively;

- Contributions by States of State unemployment taxes of $18.4 and $16.4 billion, respectively;
- Net receivables for State unemployment taxes, related delinquencies, and benefit over-payments of $4.4 and $3.7 billion, respectively; and

- Reimbursements from State, local, and nonprofit reimbursable employers, in the amounts of $1.1 and $1.0 billion, respectively, for unemployment benefits paid on their behalf.

Our audits included testing these expenses and financing sources at the Federal level only. Pursuant to a mandate by Congress, the examination of these transactions below the Federal level is primarily performed by various auditors in accordance with the *Single Audit Act of 1984* and OMB Circulars A-128 and A-133. The results of those audits are reported directly to the cognizant Federal agency, which is responsible for audit resolution.

Scope Restriction

In accordance with the *Social Security Act* and the *Black Lung Benefits Revenue Act of 1977*, the U.S. Treasury collects Federal unemployment and coal taxes, places the collections in trust funds for the Department of Labor, and maintains the documentation supporting the amounts collected. The amounts for Federal unemployment taxes receivable are based on estimates by Department of Labor management based on tax collection data provided by Treasury for taxes collected subsequent to year end. Coal tax revenue is recorded on the cash basis of accounting and, therefor, has no related receivable at year end.

We were unable to obtain independent verification of Federal unemployment and coal tax amounts stated in the financial statements. (Neither Treasury nor GAO has performed audits of these taxes.) Also, we were unable to satisfy ourselves as to the fair presentation of these amounts by other auditing procedures. (The Department of Labor does not have authority to require Treasury to provide access to their records for audit.)

Unverified amounts are as follows:

- Federal unemployment tax revenue of $5.2 and $4.4 billion for fiscal years 1993 and 1992, respectively;
- Federal unemployment tax receivables of $ .7 and $ .7 billion at September 30, 1993 and 1992, respectively;
- Other liabilities for over-allocation of such taxes, due to the U.S. Treasury of $1.0 billion at September 30, 1992; and
- Coal tax revenue of $ .6 and $ .6 billion for fiscal years 1993 and 1992, respectively.

Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain independent verification of the tax revenues and related receivables and other liabilities described above, the consolidated principal statements and consolidating schedules referred to above present fairly, in all material respects, the financial position of the Department as of September 30, 1993 and 1992, and the results of operations, cash flows, and budget and actual expenses for the years then ended, in conformity with the accounting policies described in Note 1.

Gerald W. Peterson
Assistant Inspector General for Audit

April 8, 1994

INTRODUCTION

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576) and OMB Bulletin 93-02, "Form and Content of Agency Financial Statements." The responsibility for the integrity of the financial information included in these statements rests with DOL management.

The audit of DOL's principal financial statements was performed by the Office of Inspector General. The auditors' report accompanies the principal statements.

PRINCIPAL STATEMENTS INCLUDED IN THIS REPORT

The Department's principal financial statements for fiscal years 1993 and 1992 consist of the following:

- The **Consolidated Statement of Financial Position**, which shows on an accrual basis those resources owned which are available to pay debts or provide future services and those debts from past operations that will require payments from those resources;
- The **Consolidated Statement of Operations**, which shows on an accrual basis the financing sources and the cost of goods and services consumed in carrying out authorized activities during the year;
- The **Consolidated Statement of Changes in Net Position**, which shows changes in fund balances by operating and non-operating components.
- The **Consolidated Statement of Cash Flows**, which identifies on an accrual basis the resources used during the year to provide for operations and the acquisition of capital assets, as well as those sources of financing made available for operations and capital acquisitions; and
- The **Consolidated Statement of Budget and Actual Expenses**, which reconciles expenses on the accrual basis with budgetary resources and expenditures. This statement is presented for fiscal year 1993 only.

The principal financial statements have been prepared to report the financial position and results of operations of the U.S. Department of Labor (DOL), pursuant to the requirements of the Chief Financial Officers Act of 1990. The statements should be read with the realization that they are from a sovereign entity, that unfunded liabilities reported in the financial statements cannot be liquidated without the enactment of an appropriation, and that the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. While the statements have been prepared from the books and records of DOL in accordance with the formats prescribed by OMB, the statements are different from the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

FINANCIAL RESOURCES AND RESULTS OF OPERATIONS:

The accompanying principal statements summarize DOL's financial position, disclose the results of operations and the changes in net position during fiscal years 1993 and 1992, present all significant cash flows during the two fiscal years, and provide a comparison and reconciliation of budget and actual expenses for fiscal year 1993.

Operating Expenses

- The cost of operating DOL programs during fiscal years 1993 and 1992 was $45.5 billion and $51.0 billion respectively, a decrease of $5.5 billion (11%) between fiscal years. This decrease was primarily attributable to a $4.9 billion (21%) reduction in state unemployment benefits and a $1.0 billion (7%) reduction in emergency unemployment compensation benefits during fiscal year 1993. Expenses for state unemployment benefits during fiscal years 1993 and 1992 were $18.7 and $23.6 billion respectively. Expenses for emergency unemployment compensation benefits during fiscal years 1993 and 1992 were $13.0 and $14.0 billion respectively.

Financing Sources

- Financing sources for DOL operations increased over these fiscal years by $8.8 billion (23%) from $38.5 billion in 1992 to $47.3 billion in 1993. This increase was attributable to a $6.2 billion (61%) increase in appropriations expensed and a $2.9 billion (14%) increase in employer taxes. The increase in appropriations expensed was attributable to EUC, which was

financed through a $13.1 billion transfer from Treasury general fund appropriations, once the balance of unemployment taxes in the Unemployment Trust Fund's Extended Unemployment Compensation Account was exhausted. Employer taxes were DOL's largest source of funds in 1993 and 1992, representing 51% and 55% of total financing sources respectively.

Financial Position

- DOL's financial position was dominated by the Unemployment Trust Fund (UTF), which comprised 86% and 81% of the Department's total assets at the end of 1993 and 1992 respectively. Total assets at the end of 1993 were $54.4 billion, compared to $55.0 billion for 1992, a decrease of $.6 billion (1%). UTF investments in U.S. government securities represented 67% and 64% of total DOL assets at September 30, 1993 and 1992. Total DOL investment amounts were $36.7 billion and $35.2 billion in 1993 and 1992 respectively, an increase of $1.5 billion (4%).
- DOL's liabilities decreased from $39.9 billion in 1992 to $37.1 billion in 1993. This decrease of $2.8 billion (7%) was due to a decline in accrued unemployment benefits of $1.8 billion (6%) and the payment in 1993 of a $1.0 billion liability to the Treasury for funds incorrectly transferred by the Internal Revenue Service to the UTF in 1992 as Federal unemployment taxes.
- DOL's net position increased from $15.1 billion in 1992 to $17.3 billion in 1993, a increase of $2.2 billion (15%). While trust and appropriated fund balances increased by $4.5 billion (30%) and $.4 billion (6%) respectively, future funding requirements increased by $2.7 billion (39%), reducing the increase in total net position to $2.2 billion.
  - The increase in fund balances was caused primarily by the excess of financing sources over expenses and transfers in the UTF during fiscal year 1993 in the amount of $4.8 billion. The Black Lung Disability Trust Fund continued to operate at a deficit, with operating expenses exceeding financing sources by $.2 billion.
  - Future funding requirements were $9.7 and $7.0 in fiscal years 1993 and 1992 respectively, an increase of $2.7 (39%) between fiscal years. This increase was caused primarily by the $2.6 billion increase during fiscal year 1993 in the unfunded liability for EUC benefits. Funding for the payment of these increased benefits must be provided through future appropriations from the Treasury to the UTF. Future funding will also be required to finance the $9.0 billion accumulated deficit in the Black Lung Disability Trust Fund, as well as accrued leave and Federal workers compensation benefits totaling $.9 billion at the end of fiscal year 1993. These future funding requirements are reduced by $3.1 billion in offsetting assets, the collection of which will provide future funding sources.

Budgetary Resources

- DOL's net budgetary resources were $62.3 billion for 1993. Obligations incurred against those resources were $40.3 billion, a difference of $22.0 billion. This difference is primarily due to the unexpended balances in the UTF and unobligated balances in unexpired accounts available for new obligations. Also included are unobligated balances in expired accounts that are available for obligation adjustments but not new obligations, as well as unobligated balances that were cancelled on October 1, 1993. Budgetary resources differ from the budgetary authority, which does not include prior-year unexpended or unobligated balances.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of September 30

(Dollars in thousands)	1993	1992
ASSETS		
Financial resources		
Funds with U. S. Treasury and cash (Notes 1-F and 2)	$ 7,874,949	$ 7,437,198
Accounts receivable, net of allowance (Notes 1-G and 3)	5,177,836	4,472,218
Advances (Notes 1-H and 4)	228,485	1,373,012
Intragovernmental items, Federal		
Accounts receivable, net of allowance (Notes 1-G and 3)	4,047,508	6,208,470
Investments (Notes 1-I and 5)	36,708,089	35,223,528
Advances (Notes 1-H and 4)	2,306	2,302
Total financial resources	54,039,173	54,716,728
Non-financial resources		
Resources transferable to U.S. Treasury (Note 1-J)	74,899	64,539
Property, plant and equipment, net of depreciation (Notes 1-K and 6)	302,745	267,378
Total non-financial resources	377,644	331,917
Total Assets	$ 54,416,817	$ 55,048,645
LIABILITIES AND NET POSITION		
Funded liabilities		
Accounts payable	$ 582,855	$ 902,780
Accrued payroll and benefits	33,479	29,740
Accrued unemployment benefits (Notes 1-L and 8)	22,888,651	27,292,015
Other funded liabilities (Note 7)	481,151	378,822
Intragovernmental liabilities, Federal		
Accounts payable	5,962	3,794
Other funded liabilities (Note 7)	326,112	1,430,076
Total funded liabilities	24,318,210	30,037,227
Unfunded liabilities		
Accrued leave (Note 1-M)	68,481	65,372
Future workers' compensation benefits (Notes 1-N and 9)	5,949,880	6,063,909
Advances from U.S. Treasury (Note 1-O)	3,949,032	3,606,032
Accrued unemployment benefits (Notes 1-L and 8)	2,762,989	123,036
Other unfunded liabilities	23,427	34,220
Total unfunded liabilities	12,753,809	9,892,569
Total liabilities	37,072,019	39,929,796
Net position (Notes 1-Q and 10)		
Revolving fund balances	75,785	72,812
Trust fund balances	19,552,566	15,121,201
Appropriated fund balances	7,377,198	6,937,030
Total fund balances	27,005,549	22,131,043
Less future funding requirements	9,660,751	7,012,194
Total net position	17,344,798	15,118,849
Total Liabilities and Net Position	$ 54,416,817	$ 55,048,645

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
for the years ended September 30

(Dollars in thousands)	1993	1992
FINANCING SOURCES (Note 1-C)		
Appropriations expensed	$ 16,375,293	$ 10,189,533
Revenue from other Federal agencies	2,949,395	2,444,586
Revenue from the public	1,076,056	1,003,837
Interest and assessments	2,667,079	3,496,634
Employer taxes	24,219,412	21,351,314
Penalties	178,340	185,450
Less receipts to be transferred to Treasury	(178,340)	(184,627)
Total financing sources	47,287,235	38,486,727
EXPENSES BY PROGRAM (Note 11)		
Income maintenance	38,548,067	44,031,930
Employment and training	5,465,504	5,539,117
Labor, employment and pension standards	258,249	244,475
Worker safety and health	472,003	482,501
Statistics	346,660	325,742
Other departmental programs	421,437	403,538
Total expenses by program	45,511,920	51,027,303
Excess (shortage) of financing sources over total expenses before adjustments	1,775,315	(12,540,576)
Prior period adjustments (Note 1-E)	2,923	23,550
Excess (shortage) of financing sources over total expenses	1,778,238	(12,517,026)
Increase (decrease) in future funding requirements	2,661,490	(443,195)
Excess (shortage) of financing sources over funded expenses	$ 4,439,728	$ (12,960,221)

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
for the years ended September 30

(Dollars in thousands)	1993	1992
NET POSITION, BEGINNING BALANCE	$ 15,118,849	$ 27,186,563
Excess (shortage) of financing sources over total expenses	1,778,238	(12,517,026)
Increase in unexpended appropriations	551,506	620,058
Increase (decrease) in capitalized appropriations	35,328	(25,589)
Transfers	(139,123)	(145,157)
NET POSITION, ENDING BALANCE	$ 17,344,798	$ 15,118,849

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended September 30

(Dollars in thousands)	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (shortage) of financing sources over total expenses	$ 1,778,238	$ (12,517,026)
Adjustments affecting cash flow:		
Appropriations expensed	(16,375,293)	(10,189,533)
Decrease (increase) in assets	2,589,507	(3,499,507)
Increase (decrease) in liabilities	(3,200,777)	3,552,891
Depreciation and loss on disposition of assets	38,547	42,401
Total adjustments	(16,948,016)	(10,093,748)
Net cash used by operating activities	(15,169,778)	(22,610,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of investments	(1,484,561)	12,425,749
Purchases of property and equipment	(61,372)	(76,896)
Net cash provided (used) by investing activities	(1,545,933)	12,348,853
CASH FLOWS FROM FINANCING ACTIVITIES		
Net appropriations	16,810,462	10,687,438
Advances from the U.S. Treasury	343,000	340,329
Net cash provided by financing activities	17,153,462	11,027,767
Net cash provided by operating and non-operating activities	437,751	765,846
Funds with U.S. Treasury and cash, beginning	7,437,198	6,671,352
Funds with U.S. Treasury and cash, ending	$ 7,874,949	$ 7,437,198

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF BUDGET AND ACTUAL EXPENSES

for the years ended September 30

(Dollars in thousands)	BUDGET			ACTUAL
	Resources	Obligations Direct	Obligations Reimbursed	Expenses
PROGRAM (Note 12)				
Income maintenance	$ 53,615,233	$ 34,463,203	$ 4,298,353	$ 38,548,067
Employment and training	7,125,272	4,500,537	974,239	5,465,504
Labor, employment and pension standards	255,947	243,119	199	258,249
Worker safety and health	496,613	470,416	1,867	472,003
Statistics	339,043	272,294	56,636	346,660
Other departmental programs	434,774	371,025	38,647	421,437
Totals	$ 62,266,882	$ 40,320,594	$ 5,369,941	$ 45,511,920

BUDGET RECONCILIATION	
Total expenses	$ 45,511,920
Increases in capital acquisitions and other expended budget authority	61,416
Depreciation, annual leave and other unfunded expenses	158,397
Accrued expenditures	45,731,733
Reimbursements	(5,369,941)
Accrued expenditures, direct, before adjustments	40,361,792
Adjustments:	
Allocations to other Federal agencies	134,748
Allocations from other Federal agencies	(12,989)
Accrued expenditures for the Pension Benefit Guaranty Corporation	(1,670,576)
Differences in Treasury and DOL reporting for the trust funds	6,736,474
Eliminations	12,665,944
Other	(552,161)
Accrued expenditures, direct, per SF-133	$ 57,663,232

The accompanying notes are an integral part of these statements.

SEPTEMBER 30,1993 AND 1992

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These consolidated financial statements present the financial activity of the U.S. Department of Labor (DOL), a cabinet level agency of the Executive Branch of the United States Government. The financial activity presented relates primarily to the execution of DOL's congressionally approved budget. DOL executes programs under three of the major budget functions established by Congress in the Budget Act of 1974: (1) education, training, employment and social services; (2) health (occupational health and safety); and (3) income security.

DOL's financial activity is recorded in individual funds which are combined for reporting purposes into three separate fund types:

- **Revolving Fund** - This fund type is used to account for repayable advances to the Employment Security Administration account within the Unemployment Trust Fund and for the financing of goods or services provided by a central operation to agencies and other functions within DOL. Operations are funded on a cost reimbursement basis by the recipients of the goods or services.

- **Trust Fund** - This fund type is used to account for receipts that are held in trust and dedicated to specific purposes or for use in carrying out specific programs. The assets of trust funds may be held over a period of time and may be used to purchase revenue producing investments. Trust funds generally consist of separate receipt and expenditure accounts.

- **General (Appropriated) Fund** - This fund type is used to account for receipts not dedicated to specific purposes and expenses arising under congressional appropriations or other authorizations to spend general revenues. General funds consist of separate receipt and expenditure accounts.

DOL and the Department of the Treasury (Treasury) are jointly responsible for the operations of two of the largest funds within the reporting entity—the Unemployment Trust Fund and the Black Lung Disability Trust Fund. DOL's Employment and Training Administration (ETA) and Employment Standards Administration (ESA), respectively, are responsible for the administrative oversight and policy direction for the income security programs financed by those trust funds. Treasury acts as custodian over monies deposited into those funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL.

Through agreement with Treasury, the DOL reporting entity consolidates the financial results of the Unemployment Trust Fund and the Black Lung Disability Trust Fund for the preparation of financial reports prescribed by Treasury and Section 303(b) of the Chief Financial Officers (CFO) Act of 1990.

The Pension Benefit Guaranty Corporation (PBGC), a wholly owned Federal government corporation under the chairmanship of the Secretary of Labor, has been designated by OMB as a separate reporting entity for financial statement purposes and has, therefore, been excluded from the DOL reporting entity.

The accompanying consolidated financial statements include the accounts of all funds under DOL control. All interfund balances and transactions have been eliminated.

The consolidated financial statements do not include the effect of centrally administered assets and liabilities related to the Federal government as a whole, which may in part be attributable to DOL.

B. Basis of Presentation and Accounting

1. Basis of presentation

The consolidated financial statements have been prepared to report the financial position and results of operations of DOL, as required by the CFO Act of 1990. They have been prepared from the books and records of DOL, in accordance with the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in OMB Bulletin 93-02, and DOL's accounting policies, as summarized in Note 1. These statements are therefore different from the financial reports, also prepared by DOL pursuant to OMB directives, that are used to monitor and control DOL's use of budgetary resources.

Depreciation and amortization, bad debts, interest and other expenses are allocated to each program expense, and are not included as separate expenses on the statement of operations as delineated in OMB Bulletin 93-02.

Both the benefit payment and administrative expenses of the separate unemployment insurance (UI) program for railroad employees are paid from the Unemployment Trust Fund Railroad UI Accounts. Receipts from the tax on

railroad payrolls are deposited in the fund to meet these expenses. DOL is not responsible for the administrative oversight or solvency of the railroad unemployment insurance system. Railroad account balances have been classified as liabilities of the DOL reporting entity.

2. Basis of accounting

Under the authority of the CFO Act of 1990, the Federal Accounting Standards Advisory Board (FASAB) was established to recommend Federal accounting standards to the Secretary of the Treasury, the Director of the Office of Management and Budget and the Comptroller General, co-principals of the Joint Financial Management Improvement Project (JFMIP). Specific standards agreed upon by the three principals will be issued by the Director of OMB and the Comptroller General. Pending issuance of final accounting standards, FASAB has recommended and the JFMIP principals have agreed that agencies adopt for use in preparing financial statements an other comprehensive basis of accounting constituted by (1) individual standards agreed to and published by the JFMIP principals, (2) form and content requirements included in OMB Bulletin 93-02, (3) accounting standards contained in agency accounting policy, procedures manuals or related guidance, and (4) accounting principles published by authoritative standard setting bodies and other authoritative sources, (a) in the absence of other guidance in the first three parts of this hierarchy, and (b) if the use of such accounting standards improves the meaningfulness of the financial statements.

Under this other comprehensive basis of accounting, transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. The differences between the accrual basis of accounting for expenses and the budgetary basis of accounting for accrued expenditures are presented in the Consolidated Statement of Budget and Actual Expenses.

The Consolidated Statement of Budget and Actual Expenses for 1993 has been changed to reflect reduced budgetary resources for the accrual of unemployment benefits payable for which funding has already been provided. This presentation is more appropriate in relation to the proprietary financial statements.

3. Budgets and budgetary accounting

Within the DOL reporting entity, budgetary authority, the authority to enter into financial obligations that will result in an immediate or future outlay, is derived from (1) cost reimbursement for the provision of goods or services, (2) receipts that are held in trust for use in carrying out specific purposes and programs in accordance with agreements or statutes, (3) receipts not dedicated to specific purposes and (4) congressional appropriations or other authorizations to spend general revenues.

Budgetary resources include new budget authority, unobligated balances of DOL's funds, direct spending authority, and obligation limitations. Multi-year appropriations remain available to DOL for new obligation in future periods. Pursuant to P.L. 101-510, unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that account is closed. Once balances are closed, generally five years after they expire, the amounts are not available for obligation or expenditure for any purpose.

Direct budget obligations are the amounts of orders placed, contracts awarded, services received, and similar transactions against budgetary resources that will require outlays of the reporting entity. Reimbursed budget obligations are obligations earned through the delivery of services to others.

Accrued expenditures reflect the costs incurred and the need to pay for (1) services performed by employees and others and (2) goods and other tangible property received and accepted.

C. Financing Sources

1. Appropriations expensed

DOL receives the majority of the funding needed to support its programs through congressional appropriations. A financing source, appropriations expensed, is recognized each fiscal year to the extent these appropriated funds have been consumed, including consumption for depreciation and amortization. Appropriations expensed are not recognized for the consumption of appropriations used to purchase capital items. Neither are appropriations expensed recognized for expenses incurred but not yet funded by Congress, such as workers' compensation benefits and annual leave expenses, which are to be provided for by future funding sources.

2. Revenues

A financing source is recognized to the extent revenues are payable to DOL from other Federal agencies and from the

public, as a result of costs incurred or services performed on their behalf. Revenue between DOL agencies and between DOL funds are eliminated. Major sources of revenues include:

- ESA reimbursement by other Federal agencies for the majority of the costs of compensation and medical care in the Federal Employees' Compensation Act (FECA) program. A small number of FECA benefit payments are funded by direct appropriation to ESA.
- Unemployment Trust Fund recognition of a financing source from the public to the extent of reimbursements due to the fund from reimbursable employers (non-profit and Federal, state and local government entities) who reimburse the fund for actual benefits paid in lieu of unemployment taxes.

3. **Interest and assessments**

Interest is received from the investments of the Unemployment Trust Fund, Longshore and Harbor Workers' Trust Fund, District of Columbia Compensation Trust Fund and Panama Canal Commission Compensation Fund. Interest is also received from Unemployment Trust Fund Title XII advances to the states. Revenue is recognized when the interest is earned.

The Longshore and Harbor Workers' and District of Columbia Compensation Trust Funds receive revenues from assessments levied on insurance companies and self-insured employers. Assessments are recognized as revenues when levied.

4. **Employer taxes**

Federal and state unemployment taxes are collected from employers based on wages paid to employees in covered employment. Employer taxes are deposited into separate Federal and state accounts in the Unemployment Trust Fund and used to finance certain unemployment benefits and related administrative expenses. State unemployment taxes are restricted in their use to the payment of unemployment benefits. Employer taxes are payable during the month following the quarter in which the covered wages were earned. Taxes due at fiscal year end, and the resulting tax revenue, are accrued, based on subsequent quarter collections. State unemployment tax revenues were $18.4 billion and $16.4 billion in 1993 and 1992, respectively. Federal unemployment tax revenues were $5.2 billion and $4.4 billion in 1993 and 1992, respectively.

The Black Lung Disability Trust Fund is funded by excise taxes charged to coal mine operators based on the sale of coal. Revenues from coal taxes are recognized on a cash basis, determined by Internal Revenue Service estimates of cash collections, which are adjusted to actual. Revenues from these taxes were $634 million and $626 million in 1993 and 1992, respectively.

5. **Penalties**

Penalties assessed against employers for OSHA, MSHA, ESA and PWBA regulatory violations, and against ETA grantees and contractors for disallowed grant costs, are recognized as financing sources according to regulatory criteria related to the establishment of debt to DOL.

6. **Receipts to be transferred to Treasury**

Penalties collected by OSHA, MSHA, ESA and PWBA as well as ETA disallowed grant costs are not available to the agencies for obligation or expenditure, and are transferred to the general fund of the U.S. Treasury when collected.

D. Expenses

Expenses are presented in the consolidated statement of operations by major program. Major program expenses are presented by object class and type for 1993 and 1992 in Note 11 .

E. Prior Period Adjustments

Adjustments which relate to prior fiscal periods that are material corrections of errors or result from changes in accounting principles are classified in the statement of operations as prior period adjustments, in accordance with OMB Bulletin 93-02.

F. Funds with U.S. Treasury and Cash

DOL cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury and cash on the consolidated statement of financial position represents appropriated, revolving and trust fund balances available to finance allowable expenditures. (See Note 2.)

G. Accounts Receivable, Net of Allowance

The amounts due for receivables are stated net of an allowance for uncollectible accounts. The estimate of the allowance is based on past experience in the collection of the receivables and an analysis of the outstanding balances. (See Note 3.)

H. Advances

Under Title XII of the Social Security Act, funds are advanced under direction of the Secretary of Labor from the unemployment trust fund to the State employment security agencies when the States' unemployment account balances have been exhausted. These advances are deposited into the state's account in the Unemployment Trust Fund and are netted against benefit payment expense. Repayments of these advances are made from the state's account in the Unemployment Trust Fund and are netted against employer taxes. Advances made before April 1, 1982 are repayable without interest. Advances made after March 31, 1982 are repayable with interest. The interest rate cannot exceed 10% and is paid based on annual settlements as defined under Section 1202(b)(4) of the Social Security Act.

DOL makes cash payments to other Federal agencies and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded as an asset, which is reduced when reports of expenditures are received by DOL, or accrual of cost estimates by DOL are made. (See Note 4.)

I. Investments

DOL administers funds which are invested by Treasury in securities of the U.S. government. Funds held for ETA by Treasury in the Unemployment Trust Fund are invested in marketable and non-marketable Treasury securities. Investments are stated at cost and adjusted for amortization of premiums and discounts using the effective interest method. DOL also holds funds for investment in the Longshore and Harbor Workers' Compensation Act, the District of Columbia Compensation Act and the Panama Canal Commission Compensation Fund programs. These investments are stated at amortized cost which approximates market, and discounts and premiums are amortized using the straight-line method. The majority of DOL's investments are in non-marketable special issue U.S. Treasury securities, redeemable on demand at their maturity value, which is equivalent to their carrying value in the Consolidated Statement of Financial Position. Special issues may be bought or sold only by Federal government agencies and trust funds. No secondary market exists for these instruments; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 5.)

J. Resources Transferable to U. S. Treasury

Resources transferable to the U. S. Treasury represent receivables due to DOL which upon collection are required by law to be transferred to Treasury. Transferable resources consist of fines and penalties assessed by DOL regulatory agencies and grantee and contractor disallowed costs repayable to DOL.

(Dollars in thousands)	**1993**	**1992**
Grantee and contractor disallowed costs	$ 15,331	$ 16,045
Fines and penalties	59,568	48,494
	$ 74,899	$ 64,539

K. Property, Plant and Equipment, Net of Depreciation

Property, plant and equipment purchases and additions are stated at cost. The majority of DOL's property, plant and equipment is held by Job Corp centers owned and operated by DOL through a network of contractors. DOL also maintains a departmental property system which accounts for capital equipment used by DOL management. Equipment with a cost greater than $5,000 per unit and a useful life of 2 years or more and internally developed software having a minimum value of $25,000 and a useful life of 2 years or more are capitalized and depreciated. Equipment costing less than $5,000 per unit or having a useful life of less than 2 years, and off the shelf or internally developed software costing less than $25,000 is charged to expense at the time of purchase. Normal repairs and maintenance are charged to expense as incurred. Construction costs are capitalized as construction-in-progress until completed and are then classified as improvements to either owned or leased facilities.

Leasehold improvements are facility improvements made at contractor-operated Job Corps centers and DOL facilities leased from the General Services Administration. Leasehold improvements are recorded at cost and amortized over their useful lives or the term of the lease, using the straight-line method.

The straight-line method of depreciation is used. Depreciation periods and salvage value for various classes of equipment are established by the General Services Administration. The following table shows the depreciation periods used for the major classes of DOL property, plant and equipment:

	Years
Structures, facilities and improvements	10 - 50
Furniture and equipment	5 - 24
ADP software	3 - 16

Programs administered with DOL funds have acquired real and tangible property in which DOL has a reversionary interest. When this property is disposed of or no longer used for its originally authorized purpose, the reversionary interest entitles DOL to a prorata share of the proceeds from sale or a pro rata share of the property's fair market value, if the property is retained but no longer used for DOL purposes. The pro rata share is based on the proportionate amount of DOL funds used to acquire the property. The current value of property in which DOL has a reversionary interest is not determinable. (See Note 6.)

L. Accrued Unemployment Benefits

Under the unemployment insurance program, benefits are available to unemployed workers who meet state qualifying and eligibility requirements. A claimant's entitlement to unemployment benefits is determined according to wages earned by the claimant during a base period, which generally consists of the first four of five previous quarters worked prior to unemployment. A liability for unemployment benefits was accrued for those benefits paid after September 30, 1993 and 1992, which constituted a claim against the Unemployment Trust Fund at September 30, 1993 and 1992, based on the claimant's base period. This liability for unemployment benefits was calculated by applying the percentage of the claimant's base period worked prior to September 30, 1993 and 1992, to an estimate of subsequent benefit payments for existing claims as of September 30, 1993 and 1992, and for initial claims made during the succeeding six quarters. The liability estimate does not include a provision for initial claims filed during succeeding quarters for reimbursable benefits and emergency benefits which are not funded by employer taxes. Initial claims estimates for the succeeding six quarters are based on specific economic assumptions, including total civilian employment and the unemployment rate, by quarter. The economic assumptions used in the calculation are provided by OMB. These assumptions are used by all agencies in the Executive Branch for the purposes of submitting budget requests and making legislative estimates. (See Note 8.)

M. Accrued Leave

Annual leave and compensatory time are accrued as earned. The liability is reduced as leave is taken. At the end of each year, the balance in the annual leave and compensatory time account is adjusted to reflect current wage rates. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future funding. Sick leave and other types of leave are expensed as taken.

N. Future Workers' Compensation Benefits

The accompanying financial statements include a provision for the liability for future workers' compensation benefits for each of the programs administered by DOL. The liability estimates for the Black Lung Disability Trust Fund, the Section 10(h) payments for the Longshore and Harbor Workers' Trust Fund, District of Columbia Workmen's Compensation Act Trust Fund, and FECA program have been determined utilizing generally accepted actuarial standards. (See Note 9.)

The significant assumptions used by each benefit program in determining the liability are as follows:

1. **Black Lung Disability Trust Fund**

   The Black Lung Disability Trust Fund provides for compensation and medical benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease) and their dependents where mine employment terminated prior to 1970, or where no operator can be assigned liability. The Trust Fund is also liable for the cost of administering the program, including repayment of amounts borrowed from Treasury.

   The liability for future workers' compensation benefits is calculated as the present value of future benefit payments for the next 45 years. The discount factor applied to each year's projected benefits was determined to equal the program's estimated interest rate on advances from Treasury. These projected interest rates are 5.76% in 1994 and 5.80% in 1995 and thereafter. Included in the estimated benefit costs are increases in both base salaries relating to compensation benefits and inflation relating to medical benefits. Compensation benefits increases are estimated to be 2.2% in 1994, 1.6% in 1995, 2.2% in 1996 and 2.5% in 1997 and thereafter. Medical payment increases are estimated to be 5.1% in 1994, 5.2% in 1995, 5.2% in 1996, 5.0% in 1997 and 4.9% in 1998 and thereafter.

2. **Longshore and Harbor Workers' and District of Columbia Compensation Act Trust Funds**

   The Longshore and Harbor Workers' Compensation Act and the District of Columbia Compensation Act provide for long-term compensation benefits and medical payments for job-related injuries, diseases, or deaths of private sector workers in certain maritime and related employment, and certain workers in the District of Columbia.

   The Federal government provides 50% of the cost-of-living adjustments under the Longshore and Harbor Workers' Compensation Act. The remaining benefits are funded by assessments of self-insured employers and insurance carriers. The liability for future workers' compensation benefits is calculated to be the present value of the future cost-of-living payments plus a provision for future benefit increases on these payments. This liability does not include a provision for future benefit payments which are not funded from Federal sources.

3. Federal Employees' Compensation Act Special Benefit Fund

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease.

The liability for future compensation benefits includes the expected liability for death, disability, medical and other approved costs. The liability is determined using the paid-loss extrapolation method. This methodology yields projected annual benefit payments, which have been discounted to present value. Interest rate assumptions utilized for discounting were 5.76% in 1994 and 5.8% in 1995 and thereafter. The liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases for DOL employees and for nonchargeable agencies.

O. Advances from U.S. Treasury

Treasury loans money to DOL's Black Lung Disability Trust Fund to make benefit payments. Financing for these loans is provided through non-expenditure transfers from DOL's appropriation, Advances to the Unemployment Trust Fund and Other Funds. These loans were open and non-interest bearing through September 30, 1990. Effective October 1, 1990, these loans bear interest at rates ranging from 6.125% to 13.875%. In 1993 and 1992 respectively, $343 million and $340.3 million were loaned to the Black Lung Disability Trust Fund.

P. Employee Retirement Plans

Employees hired after December 31, 1983, are automatically covered by the Federal Employees' Retirement System (FERS), implemented on January 1, 1987, while employees hired prior to that date could elect to join either FERS or to remain in the Civil Service Retirement System (CSRS). For employees in FERS, DOL withholds 0.8% of gross earnings, in addition to FICA, and matches the withholding with a 12.9% contribution. The sum is transferred to the Federal Employees' Retirement Fund. For employees covered by CSRS, DOL withholds 7.00% of their gross earnings. This withholding is matched by DOL and the sum of the withholding and the matching is transferred to CSRS.

On April 1, 1987, the Federal government initiated the Thrift Savings Plan, which is a retirement savings and investment plan for employees covered by either FERS or CSRS. FERS participants may contribute up to 10% of their gross pay to the plan. DOL matches up to 50% of the employees' contributions. CSRS participants may contribute up to 5% of their gross pay, but there is no departmental matching contribution. The maximum amount that either FERS or CSRS employees may contribute to the plan in a calendar year is $8,994. The sum of employee and departmental contributions is transferred to the Federal Retirement Thrift Investment Board to administer.

DOL does not report in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees.

DOL's total contributions for employee benefit plans during 1993 and 1992 were as follows:

(Dollars in thousands)	1993	1992
Federal Employees' Retirement System	$ 28,683	$ 27,179
Civil Service Retirement System	37,810	38,362
Social Security	15,257	14,573
Thrift Savings Plan	7,862	6,742
	$ 89,612	$ 86,856

Q. Net Position

Each fund balance incorporated in DOL's net position consists of one or more of the following components:

1. Unexpended appropriations

Unexpended appropriations include the undelivered orders and unobligated balances of DOL's funds. Multi-year appropriations remain available to DOL for obligation in future periods. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that account is closed, generally five years after the appropriations expire.

2. Invested capital

Invested capital represents U.S. Government resources invested in the DOL's assets, principally property, plant and equipment, and other capitalized assets such as leasehold improvements. Increases to invested capital are recorded when assets are acquired with direct appropriations, and decreases occur as a result of the consumption (depreciation) or disposition of capital assets.

3. **Cumulative results of operations**
Cumulative results of operations represents the net difference between expenses and losses and financing sources and gains of the Unemployment, Longshore and Harbor Workers' Compensation and District of Columbia Workmen's Compensation Trust Funds and the ETA and Departmental Management revolving funds during the current and prior periods. Cumulative results retained in the revolving fund represent funds needed by ETA grantees to finance costs incurred early in a fiscal year prior to receipt of funds from DOL agencies, funds needed by the Working Capital Fund (WCF) for capitalized acquisitions, the annual leave liability of staff financed by the WCF that is estimated to be expended in the forthcoming year and a reserve against the future cost of operations.
4. **Future funding requirements**
Certain liabilities, such as annual leave earned but not taken and future workers' compensation benefits, are not funded from current appropriations, but rather will require funding from future appropriations. Certain assets, such as receivables from other Federal agencies for future workers' compensation benefits, which will provide funding when collected, are offset against future funding requirements. Net position has been reduced to reflect the excess of unfunded liabilities over offsetting assets, which will require future funding.

The consolidated net position by fund component for all funds as of September 30, 1993 and 1992 is presented in Note 10.

R. Reclassifications
Certain amounts for 1992 have been reclassified to conform with the 1993 presentation of those amounts.

NOTE 2 - FUNDS WITH U. S. TREASURY AND CASH

Funds with U. S. Treasury and cash at September 30, 1993 and 1992 consisted of the following:

(Dollars in thousands)	**1993**	**1992**
Revolving funds	$ 70,576	$ 69,518
Trust funds	311,686	543,414
General (appropriated) funds	7,492,687	6,824,266
	$7,874,949	$7,437,198

Included in general funds are restricted cash of $43.6 million and $ 38.9 million for 1993 and 1992, respectively. This cash represents backwages collected from employers but not yet paid to employees, and is restricted from use by the Department for any other purpose.

NOTE 3 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

The primary components of DOL's accounts receivable at September 30, 1993 and 1992 are as follows:

(Dollars in thousands)	1993			1992
	Accounts Receivable	Allowance	Total	Total
Non-Federal				
Delinquent state unemployment taxes	$ 1,804,240	$(1,490,302)	$ 313,938	$ 309,334
Benefit overpayments	1,212,712	(945,738)	266,974	236,373
Accrued Federal and state unemployment taxes	4,026,337	-	4,026,337	3,497,539
Other	621,668	(51,081)	570,587	428,972
	7,664,957	(2,487,121)	5,177,836	4,472,218
Intragovernmental items, Federal				
FECA charges to other Federal agencies for workers' compensation benefits	2,824,526	-	2,824,526	2,664,029
FEC account advances to other Federal agencies for UC benefits	202,652	(4,053)	198,599	374,137
Accrued interest from investments	615,487	-	615,487	667,787
Due from U.S. Treasury for emergency unemployment compensation	-	-	-	2,487,519
Other	408,896	-	408,896	14,998
	4,051,561	(4,053)	4,047,508	6,208,470
	$11,716,518	$(2,491,174)	$9,225,344	$10,680,688

- States reported delinquent unemployment taxes receivable at September 30, 1993 and 1992 due from employers within the states. An allowance for uncollectible taxes has been recorded based on previous collection experience.
- Overpayments of UI benefits represent the amount of benefits that state employment security agencies determined were paid to individuals who were not entitled to receive benefits.
- Accrued Federal and state unemployment taxes are an estimate of taxes due for the quarters ending September 30, 1993 and 1992, payable in October of the respective year.
- FECA charges to other Federal agencies arise from workers' compensation benefits paid by DOL on behalf of other Federal agencies.
- FEC account advances represent unemployment benefits paid federal workers and ex-service members from the FEC account within the Unemployment Trust Fund. The FEC account is reimbursed for these payments by the responsible Federal agencies.
- Accrued interest represents interest receivable on investments of the Unemployment Trust Fund and the Panama Canal Commission Compensation Fund.
- The emergency unemployment compensation receivable represents amounts due from the U.S. Treasury to the UTF for emergency unemployment compensation benefits accrued at September 30, 1992.

NOTE 4 - ADVANCES

Advances consist of the following at September 30, 1993 and 1992:

(Dollars in thousands)	1993	1992
Non-Federal		
Title XII advances		
Michigan (non-interest bearing)	-	214,005
Connecticut	-	581,086
Massachusetts	153,605	321,752
District of Columbia	-	6,597
Missouri	70,000	-
	223,605	1,123,440
Advances to grantees and contractors to finance future DOL program expenditures	3,548	212,091
Other	1,332	37,481
	228,485	1,373,012
Intragovernmental items, Federal		
Advances to other Federal agencies	2,306	2,302
	230,791	1,375,314

NOTE 5 - INVESTMENTS

Investments at September 30, 1993 consisted of the following:

(Dollars in thousands)	Cost	Market Value	Discount (Premium)	Net
		1993		
Unemployment Trust Fund				
Marketable				
U.S. Treasury Bonds				
3.500% maturing November 15, 1998	$ 43,200	$ 43,200	$ (20)	$ 43,220
	43,200	43,200	(20)	43,220
Non-marketable				
Special U.S. Treasury securities Certificates of indebtedness				
7.000% maturing June 30, 1994	34,413,449	34,413,449	-	34,413,449
6.875% maturing June 30, 1994	2,072,979	2,072,979	-	2,072,979
6.750% maturing June 30, 1994	76,885	76,885	-	76,885
	36,563,313	36,563,313	-	36,563,313
Longshore and Harbor Workers' Trust Fund				
Marketable				
U.S. Treasury Bills 2.910% to 3.080% various maturities	47,970	47,815	155	47,815
District of Columbia Trust Fund				
Marketable				
U.S. Treasury Bills 2.870% to 3.08% various maturities	4,855	4,843	12	4,843
Panama Canal Commission Compensation Fund				
Marketable				
U.S. Treasury Notes 6.000% to 9.500% various maturities	47,157	48,898	(1,741)	48,898
	$ 36,706,495	$36,708,069	$ (1,594)	$ 36,708,089

	Cost	Market Value	Discount (Premium)	Net
		1992		
Unemployment Trust Fund				
Marketable				
U.S. Treasury Bonds				
4.000% maturing February 15, 1993	$ 17,500	$ 17,429	$ 11	$ 17,489
4.125% maturing May 15, 1994	174,300	174,845	94	174,206
3.500% maturing November 15, 1998	43,200	42,997	(1)	43,201
	235,000	235,271	104	234,896
Non-marketable				
Special U.S. Treasury securities Certificates of indebtedness				
7.625% maturing June 30, 1993	34,775,655	34,775,655	-	34,775,655
7.375% maturing June 30, 1993	122,773	122,773	-	122,773
	34,898,428	34,898,428	-	34,898,428
Longshore and Harbor Workers' Trust Fund				
Marketable				
U.S. Treasury Bills 2.730% to 3.160% various maturities	46,580	46,349	231	46,349
District of Columbia Trust Fund				
Marketable				
U.S. Treasury Bills 2.730% to 3.150% various maturities	5,100	5,079	21	5,079
Panama Canal Commission Compensation Fund				
Marketable				
U.S. Treasury Notes 7.125% to 9.750% various maturities	37,718	38,776	(1,058)	38,776
	$35,222,826	$35,223,903	$ (702)	$35,223,528

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment consisted of the following at September 30, 1993 and 1992:

(Dollars in thousands)	1993			1992
	Cost or Basis	**Accumulated Depreciation/ Amortization**	**Net Book Value**	**Net Book Value**
Structures, facilities and improvements				
Structures and facilities	$ 348,146	$ 203,835	$ 144,311	$ 144,881
Improvements to leased facilities	149,120	112,333	36,787	13,420
	497,266	316,168	181,098	158,301
Furniture and equipment				
Equipment held by contractors	103,596	91,881	11,715	9,675
Furniture and equipment	46,793	22,081	24,712	28,968
	150,389	113,962	36,427	38,643
ADP software	32,219	12,430	19,789	13,089
Construction-in-progress	17,873	-	17,873	12,376
Land	47,558	-	47,558	44,969
	$ 745,305	$ 442,560	$ 302,745	$ 267,378

NOTE 7 - OTHER FUNDED LIABILITIES

Other funded liabilities represent unearned revenues for assessments levied but not yet earned and book balance overdrafts in State clearing and benefit payment accounts, as well as anticipated collections of accounts receivable balances from grantees and contractors for disallowed costs, and net penalties receivable and other miscellaneous receipts which will revert to the U.S. Treasury when collected.

At September 30, 1993 and 1992, other funded liabilities consisted of the following:

(Dollars in thousands)	1993	1992
Non-Federal		
Unearned assessment revenue	$ 29,101	$ 27,319
Overdrafts in benefit payment accounts	452,050	351,503
	481,151	378,822
Intragovernmental items, Federal		
Over-allocation of FUTA, due to U.S. Treasury	-	967,000
Receipts transferrable to U.S. Treasury	74,899	64,539
Amounts held for the Railroad Retirement Board	227,999	393,576
Other	23,214	4,961
	326,112	1,430,076
	$ 807,263	$ 1,808,898

NOTE 8 - ACCRUED UNEMPLOYMENT BENEFITS

Accrued unemployment benefits at September 30, 1993 and 1992, consisted of the following:

(Dollars in thousands)	1993	1992
Funded		
Accrued state (regular and extended) unemployment benefits	$ 22,844,301	$ 24,425,605
Accrued Federal extended unemployment benefits	44,350	97,375
Accrued Federal emergency unemployment benefits	-	2,769,035
	22,888,651	27,292,015
Unfunded		
Accrued Federal employees' unemployment benefits	175,989	123,036
Accrued Federal emergency unemployment benefits	2,587,000	-
	2,762,989	123,036
	$ 25,651,640	$ 27,415,051

NOTE 9 - FUTURE WORKERS' COMPENSATION BENEFITS

The accompanying financial statements include a provision for future workers' compensation benefits for each of the benefit programs administered by DOL. The liabilities established at September 30, 1993 and 1992 are as follows:

(Dollars in thousands)	1993	1992
Benefit Program		
Black Lung Disability Trust Fund	$ 5,147,996	$ 5,279,871
Longshore and Harbor Workers' Compensation Act	25,084	24,869
District of Columbia Compensation Act	7,869	7,853
Federal Employees' Compensation Act	768,931	751,316
	$ 5,949,880	$ 6,063,909

DOL's liability for future workers' compensation benefits under the Federal Employees' Compensation Act consisted of the projected gross liability of all Federal agencies, reduced to reflect reserve credits (as shown in the table below) which will be charged back to Federal agencies other than DOL. DOL could be contingently liable for these reserve credits in the event that the chargeback agencies are unable to meet their future obligations. DOL's liability for future program benefits in 1993 and 1992 consisted of the following:

(Dollars in thousands)	1993	1992
Projected gross liability for future FECA benefits	$16,991,333	$14,814,750
Less reserve credits		
U.S. Postal Service	4,735,833	4,024,642
Department of Navy	2,365,264	2,079,914
Department of Army	1,516,665	1,399,592
Department of Veterans Affairs	1,370,628	1,173,193
Department of Air Force	1,071,869	991,331
Department of Transportation	916,823	811,647
Tennessee Valley Authority	590,856	571,261
Department of Treasury	635,288	514,519
Department of Agriculture	533,225	459,951
Department of Justice	417,631	324,314
Department of Interior	393,427	352,261
Department of Health and Human Services	321,331	282,145
Department of Defense, Other	538,677	398,246
General Services Administration	164,895	138,680
Department of Commerce	110,928	93,542
Department of Energy	53,918	44,643
Department of State	33,737	27,402
Department of Housing & Urban Development	48,287	33,555
Department of Education	6,095	3,830
Other	397,025	338,766
	16,222,402	14,063,434
Department of Labor[1]	$ 768,931	$ 751,316

[1] Includes $612,088 (thousands) in 1993 and $601,314 (thousands) in 1992 not chargeable to other agencies.

NOTE 10 - NET POSITION

DOL's net position by fund balance at September 30, 1993 was comprised of the following:

(Dollars in thousands)	1993				
	Revolving Fund	Trust Fund	General Fund	Eliminations	Total
Unexpended appropriations					
Unobligated balance	$ -	$ -	$ 2,646,056	$ -	$ 2,646,056
Undelivered orders	-	-	4,437,938	-	4,437,938
Total unexpended appropriations	-	-	7,083,994	-	7,083,994
Invested capital	9,502	39	293,204	-	302,745
Cumulative results of operations					
Unemployment Trust Fund					
Federal accounts	-	9,219,203	-	-	9,219,203
State accounts	-	10,310,138	-	-	10,310,138
	-	19,529,341	-	-	19,529,341
Longshore and Harbor Workers' Trust Fund	-	20,995	-	-	20,995
District of Columbia Trust Fund	-	847	-	-	847
Other	66,283	1,344	-	-	67,627
Total cumulative results	66,283	19,552,527	-	-	19,618,810
Total fund balance	75,785	19,552,566	7,377,198	-	27,005,549
Less future funding requirements					
Actuarial liabilities	1,341	5,147,996	801,884	(1,341)	5,949,880
Accrued annual leave	1,534	-	66,947	-	68,481
Federal emergency unemployment compensation (EUC)	-	2,587,000	2,947,000	(2,947,000)	2,587,000[1]
Federal employees' unemployment compensation	-	175,989	-	-	175,989
Other unfunded liabilities	666	-	23,427	(666)	23,427
Advances from U. S. Treasury	-	3,949,032	-	-	3,949,032
Total unfunded liabilities	3,541	11,860,017	3,839,258	(2,949,007)	12,753,809
Offsetting assets	(2,007)	(3,194,300)	(2,845,758)	2,949,007	(3,093,058)
Total future funding requirements	1,534	8,665,717	993,500	-	9,660,751
	$ 74,251	$10,886,849	$ 6,383,698	$ -	$17,344,798

[1] In addition to the future funding required to liquidate the unfunded liability for EUC benefits, the Department is to be reimbursed $360 million for EUC benefits paid from fund balance in the current or prior year.

DOL's net position by fund balance at September 30, 1992 was comprised of the following:

(Dollars in thousands)	1992			
	Revolving Fund	**Trust Fund**	**General Fund**	**Total**
Unexpended appropriations				
Unobligated balance	$ -	$ -	$ 2,675,847	$ 2,675,847
Undelivered orders	-	-	4,001,139	4,001,139
Total unexpended appropriations	-	-	6,676,986	6,676,986
Invested capital	7,334	-	260,044	267,378
Cumulative results of operations				
Unemployment Trust Fund				
Federal accounts	-	7,434,170	-	7,434,170
State accounts	-	7,659,969	-	7,659,969
	-	15,094,139	-	15,094,139
Longshore and Harbor Workers' Trust Fund	-	24,126	-	24,126
District of Columbia Trust Fund	-	1,363	-	1,363
Other	65,478	1,573	-	67,051
Total cumulative results	65,478	15,121,201	-	15,186,679
Total fund balance	72,812	15,121,201	6,937,030	22,131,043
Future funding requirements				
Actuarial liabilities	-	5,279,871	784,038	6,063,909
Accrued annual leave	1,534	-	63,838	65,372
Other unfunded liabilities	-	-	34,220	34,220
Federal employees' unemployment compensation	-	123,036	-	123,036
Advances from U. S. Treasury	-	3,606,032	-	3,606,032
Total unfunded liabilities	1,534	9,008,939	882,096	9,892,569
Offsetting assets	-	(197,307)	(2,683,068)	(2,880,375)
Total future funding requirements	1,534	8,811,632	(1,800,972)	7,012,194
	$ 71,278	$ 6,309,569	$ 8,738,002	$ 15,118,849

NOTE 11 - EXPENSES BY OBJECT CLASS AND TYPE

Expenses are presented in the consolidated statement of operations by major program. Presented below are expenses for 1993 and 1992 by object class and type.

(Dollars in thousands)	1993	1992
1. Expenses by object classification		
Personnel and benefits	$ 949,194	$ 912,764
Travel and transportation	43,711	46,366
Communications, utilities and rentals	287,935	274,134
Other services	346,651	317,198
Supplies, materials and small equipment	41,680	15,685
Grants, subsidies and contributions	8,289,858	8,348,698
Interest	371,335	349,992
Benefits and other payments	35,007,236	40,314,746
Depreciation and amortization	34,422	42,401
Loss on disposition of assets	4,126	-
Bad debts	135,772	405,319
	$ 45,511,920	$ 51,027,303
2. Expenses by type		
Operating	$ 10,133,349	$ 10,362,565
Benefit payments	35,007,236	40,314,746
Interest	371,335	349,992
	$ 45,511,920	$ 51,027,303

NOTE 12 - BUDGETARY RESOURCES AND OBLIGATIONS

To facilitate comparison to expenses, budgetary resources and obligations are presented on a comparable net basis. Gross budgetary resources and obligations for 1993 are reconciled below:

(Dollars in thousands)	1993 Obligations Resources	1993 Obligations Direct	1993 Reimbursed
Total budgetary resources and obligations per Standard Form 133	$110,559,056	$ 58,346,128	$7,779,640
Less: Expense eliminations	13,021,431	12,665,944	79,844
Net allocations to Federal agencies	168,954	118,426	1,173
Pension Benefit Guaranty Corporation	5,206,240	(1,491,626)	2,324,892
Differences between Treasury and DOL reporting for the Unemployment Trust Fund and the Black Lung Disability Trust Fund	5,469,944	5,155,170	-
Accrued state unemployment benefits	24,425,605	1,581,304	-
Other	-	(3,684)	3,790
	48,292,174	18,025,534	2,409,699
Total budgetary resources and obligations per financial statements	$ 62,266,882	$ 40,320,594	$5,369,941

NOTE 13 - LITIGATION AND CONTINGENCIES

A class action complaint filed by employees of the Employment and Training Administration (ETA) against the Department is currently pending before an administrative judge of the Equal Employment Opportunity Commission (EEOC). The complaint alleges that ETA committed illegal racial discrimination in its personnel practices during the mid-1980's. The Department is currently in settlement negotiations with the class's representative. An estimate of the possible range of damages cannot be made at this time. Because of uncertainties about the potential range of damages, it is unclear whether settlement will be possible.

The Department is a party in various other administrative proceedings, legal actions and claims brought by or against it. In the opinion of DOL management and legal council, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position of the Department of Labor.

Consolidating Schedules

Included in this section are consolidating schedules of financial position and operations by fund type. These schedules have been presented as supplemental information outside the principal statements and are not considered necessary for presentation of financial position or results of operations in conformity with OMB Bulletin 93-02 and Departmental accounting policies. This information is presented for purposes of additional analysis of the principal statements. A discussion of the fund types included in the consolidating schedules is presented below.

Revolving Fund - This fund type is used to account for repayable advances to the Employment Security Administration Account within the Unemployment Trust Fund and for the financing of goods or services provided by a central operation to agencies and other functions within DOL. Operations are funded on a cost reimbursement basis by the recipients of the goods or services.

- **Advances to the Employment Security Administration Account of the Unemployment Trust Fund** is available for advances to the Unemployment Trust Fund under provisions of the Social Security Act. These repayable interest bearing advances permit financing of the Federal and state administrative costs of employment security programs when the balance in the Employment Security Administration Account in the UTF is insufficient.

- The **Working Capital Fund** is responsible for the maintenance and operation of a comprehensive program of centralized services in the national office and the field. The fund is reimbursed in advance from funds available to agencies, bureaus and offices for which centralized services are performed at rates which will return in full costs of operations.

Trust Fund - This fund type is used to account for receipts that are held in trust and dedicated to specific purposes or for use in carrying out specific programs. The assets of trust funds may be held over a period of time and may be used to purchase revenue producing investments. Trust funds generally consist of separate receipt and expenditure accounts.

- The **Unemployment Trust Fund** was established under Title IX of the Social Security Act to receive, hold, invest and disburse monies collected under the Federal Unemployment Tax Act, as well as state unemployment taxes collected by state employment security agencies and transferred to the fund, and the unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

- The **Longshore and Harbor Workers' Trust Fund** provides medical benefits, compensation for lost wages and rehabilitation services for job related injuries and diseases or death of private sector workers in certain maritime and related employment.

- The **District of Columbia Trust Fund** provides compensation and in certain cases medical care payments to District of Columbia employees for work related injuries or death which occurred prior to July 26, 1982.

- **The Black Lung Disability Trust Fund** provides compensation and medical benefits to eligible coal miners who suffer disability due to pneumoconiosis, and compensation benefits to their dependent survivors.

- **The Hazardous Substance Response Fund** provides for clean up of hazardous substance emergencies and abandoned hazardous waste sites.

- **Gifts and Bequests** uses miscellaneous funds received by gift or bequest in support of various activities of the Secretary of Labor.

General (Appropriated) Fund - This fund type is used to account for receipts not dedicated to specific purposes and expenses arising under congressional appropriations or other authorizations to spend general revenues. General funds consist of separate receipt and expenditure accounts.

- **Salaries and Expenses** include appropriated funds which are used for departmental administration and other activities in carrying out the missions and functions of the Department, except where specifically provided for from other funds of the Department.

- **Training and Employment Services** provides for a flexible, decentralized system of Federal and local programs of training and other services for the economically disadvantaged designed to lead to permanent gains in employment, through grants to states and Federal programs such as Job Corps, currently authorized by the Job Training Partnership Act.

- **State Unemployment Insurance and Employment Service Operations** includes grants to states for administering the Unemployment Compensation and Employment Service programs.

  - The **Unemployment Compensation** program provides administrative grants to state agencies which pay unemploy ment to eligible workers and collect state unemployment taxes from employers.

  - The **Employment Service** program is a nationwide system providing no-fee employment services to individuals who are seeking employment and employers who are seeking workers. State employment service activities are financed by allotments to states distributed under a demographically based funding formula established under the Wagner-Peyser Act,as amended.

- The **Federal Employees Workers' Compensation Special Benefits Fund** provides wage replacement benefits and payment of medical services to covered Federal civilian employees injured on the job employees who have incurred a work related occupational disease and beneficiaries of employees whose death is attributable to a job related injury and for rehabilitation of injured employees to facilitate their return to work.

- **Other** is comprised of several funds and accounts. Included in other are:

  - **Payments to the Unemployment Trust Fund** was initiated as a result of the amendments to the Emergency Unemployment Compensation law which provides for general fund financing for benefits and administrative costs. These funds are then transferred to a receipt account in the Unemployment Trust Fund.

  - **Advances to the Unemployment Trust Fund and Other Funds** provides advances to several other accounts to pay unemployment compensation whenever the balances in the funds prove insufficient or whenever reimbursement to certain accounts, as allowed by law, are to be made. This account also provides repayable advances to the Black Lung Disability Trust Fund for making payments from the fund whenever its balances prove insufficient.

  - **Federal Unemployment Benefits and Allowances** provides for payment of benefits, training, job search and relocation allowances as authorized by the Trade Act of 1974.

  - **Community Service Employment for Older Americans** provides part time work experience in community service activities to unemployed, low income persons aged 55 and over.

  - **The Panama Canal Commission Compensation Fund** has been established to provide for the accumulation of funds to meet the Panama Canal Commission's obligations for workers' compensation which will accrue under the Federal Employees' Compensation Act.

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - ALL FUND TYPES
as of September 30, 1993

(Dollars in thousands)	Revolving Fund	Trust Fund	General Fund	Eliminations	Total
ASSETS					
Financial resources					
Funds with U. S. Treasury and cash	$ 70,576	$ 311,686	$ 7,492,687	$ -	$ 7,874,949
Accounts receivable	11	7,608,736	56,210	-	7,664,957
Less: Allowance for doubtful accounts	-	2,470,023	17,098	-	2,487,121
Accounts receivable, net	11	5,138,713	39,112	-	5,177,836
Advances	22	223,605	4,858	-	228,485
Intragovernmental items, Federal					
Accounts receivable	2,732	4,443,865	3,476,660	(3,871,696)	4,051,561
Less: Allowance for doubtful accounts	-	4,053	-	-	4,053
Accounts receivable, net	2,732	4,439,812	3,476,660	(3,871,696)	4,047,508
Investments	-	36,659,191	48,898	-	36,708,089
Advances	-	-	2,723	(417)	2,306
Total financial resources	73,341	46,773,007	11,064,938	(3,872,113)	54,039,173
Non-financial resources					
Resources transferable to U.S. Treasury	-	-	74,899	-	74,899
Property, plant and equipment	19,695	39	725,571	-	745,305
Less: Accumulated depreciation	10,193	-	432,367	-	442,560
Property, plant and equipment, net	9,502	39	293,204	-	302,745
Total non-financial resources	9,502	39	368,103	-	377,644
Total Assets	$ 82,843	$ 46,773,046	$ 11,433,041	$ (3,872,113)	$ 54,416,817

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - ALL FUND TYPES
as of September 30, 1993

(Dollars in thousands)	Revolving Fund	Trust Fund	General Fund	Eliminations	Total
LIABILITIES AND NET POSITION					
Funded liabilities					
Accounts payable	$ 2,424	$ 5,612	$ 574,819	$ -	$ 582,855
Accrued payroll and benefits	1,972	-	31,507	-	33,479
Accrued unemployment benefits	-	22,888,651	-	-	22,888,651
Other funded liabilities	-	481,151	-	-	481,151
Intragovernmental liabilities, Federal			-		
Accounts payable	238	773	4,951	-	5,962
Other funded liabilities	417	649,993	598,142	(922,440)	326,112
Total funded liabilities	5,051	24,026,180	1,209,419	(922,440)	24,318,210
Unfunded liabilities					
Accrued leave	1,534	-	66,947	-	68,481
Future workers' compensation benefits	1,341	5,147,996	801,884	(1,341)	5,949,880
Advances from U.S. Treasury	-	3,949,032	-	-	3,949,032
Accrued unemployment benefits	-	2,762,989	-		2,762,989
Other unfunded liabilities	666	-	2,971,093	(2,948,332)	23,427
Total unfunded liabilities	3,541	11,860,017	3,839,924	(2,949,673)	12,753,809
Total liabilities	8,592	35,886,197	5,049,343	(3,872,113)	37,072,019
Net position					
Revolving fund balances	75,785	-	-	-	75,785
Trust fund balances	-	19,552,566	-	-	19,552,566
Appropriated fund balances	-	-	7,377,198	-	7,377,198
Total fund balances	75,785	19,552,566	7,377,198	-	27,005,549
Less future funding requirements	1,534	8,665,717	993,500	-	9,660,751
Total net position	74,251	10,886,849	6,383,698	-	17,344,798
Total Liabilities and Net Position	$ 82,843	$ 46,773,046	$ 11,433,041	$(3,872,113)	$ 54,416,817

CONSOLIDATING SCHEDULE OF OPERATIONS - ALL FUND TYPES
for the year ended September 30, 1993

(Dollars in thousands)	Revolving Fund	Trust Fund	General Fund	Eliminations	Total
FINANCING SOURCES					
Appropriations expensed	$ -	$13,142,893	$19,382,540	$(16,150,140)	$ 16,375,293
Revenue from other Federal agencies	80,401	989,198	5,481,984	(3,602,188)	2,949,395
Revenue from the public	72	1,063,828	12,156	-	1,076,056
Interest and assessments	-	2,664,202	2,877	-	2,667,079
Employer taxes	-	24,219,412	-	-	24,219,412
Penalties	-	-	178,340	-	178,340
Less receipts to be transferred to Treasury	-	-	(178,340)	-	(178,340)
Total financing sources	80,473	42,079,533	24,879,557	(19,752,328)	47,287,235
EXPENSES BY PROGRAM					
Income maintenance	-	33,907,827	20,724,203	(16,083,963)	38,548,067
Employment and training	-	-	5,465,504	-	5,465,504
Labor, employment and pension standards	-	-	258,249	-	258,249
Worker safety and health	-	570	471,433	-	472,003
Statistics	-	-	346,660	-	346,660
Other departmental programs	80,423	119	420,913	(80,018)	421,437
Total expenses	80,423	33,908,516	27,686,962	(16,163,981)	45,511,920
Excess (shortage) of financing sources over total expenses before adjustments	50	8,171,017	(2,807,405)	(3,588,347)	1,775,315
Prior period adjustments	2,923	-	-	-	2,923
Excess (shortage) of financing sources over total expenses	2,973	8,171,017	(2,807,405)	(3,588,347)	1,778,238
Increase in future funding requirements	-	(145,915)	2,807,405	-	2,661,490
Excess (shortage) of financing sources over funded expenses	$ 2,973	$ 8,025,102	$ -	$ (3,588,347)	$ 4,439,728

CONSOLIDATING SCHEDULE CHANGES IN NET POSITION - ALL FUND TYPES
for the year ended September 30, 1993

(Dollars in thousands)	Revolving Fund	Trust Fund	General Fund	Eliminations	Total
Net Position, Beginning Balance	$ 71,278	$ 6,309,569	$ 8,738,002	$ -	$ 15,118,849
Excess (shortage) of financing sources over total expenses	2,973	8,171,017	(2,807,405)	(3,588,347)	1,778,238
Increase (decrease) in unexpended appropriations	(2,167)	-	559,063	(5,390)	551,506
Increase in capitalized appropriations	2,167	-	33,161	-	35,328
Transfers	-	(3,593,737)	(139,123)	3,593,737	(139,123)
Net Position, Ending Balance	$ 74,251	$10,886,849	$ 6,383,698	$ -	$ 17,344,798

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - REVOLVING FUNDS
as of September 30, 1993

(Dollars in thousands)	Advances to the Employment Security Administration Account in the UTF	Working Capital Fund	Total
ASSETS			
Financial resources			
Funds with U. S. Treasury and cash	$ 56,336	$ 14,240	$ 70,576
Accounts receivable	-	11	11
Less: Allowance for doubtful accounts	-	-	-
Accounts receivable, net	-	11	11
Advances	-	22	22
Intragovernmental items, Federal			
Accounts receivable	-	2,732	2,732
Less: Allowance for doubtful accounts	-	-	-
Accounts receivable, net	-	2,732	2,732
Investments	-	-	-
Advances	-	-	-
Total financial resources	56,336	17,005	73,341
Non-financial resources			
Resources transferable to U.S. Treasury	-	-	-
Property, plant and equipment	-	19,695	19,695
Less: Accumulated depreciation	-	10,193	10,193
Property, plant and equipment, net	-	9,502	9,502
Total non-financial resources	-	9,502	9,502
Total Assets	$ 56,336	$ 26,507	$ 82,843

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - REVOLVING FUNDS
as of September 30, 1993

(Dollars in thousands)	Advances to the Employment Security Administration Account in the UTF	Working Capital Fund	Total
LIABILITIES AND NET POSITION			
Funded liabilities			
Accounts payable	$ -	$ 2,424	$ 2,424
Accrued payroll and benefits	-	1,972	1,972
Accrued unemployment benefits	-	-	-
Other funded liabilities	-	-	-
Intragovernmental liabilities, Federal			
Accounts payable	-	238	238
Other funded liabilities	-	417	417
Total funded liabilities	-	5,051	5,051
Unfunded liabilities			
Accrued leave	-	1,534	1,534
Future workers' compensation benefits	-	1,341	1,341
Advances from U.S. Treasury	-	-	-
Accrued unemployment benefits	-	-	-
Other unfunded liabilities	-	666	666
Total unfunded liabilities	-	3,541	3,541
Total liabilities	-	8,592	8,592
Net position			
Revolving fund balances	56,336	19,449	75,785
Trust fund balances	-	-	-
Appropriated fund balances	-	-	-
Total fund balances	56,336	19,449	75,785
Less future funding requirements	-	1,534	1,534
Total net position	56,336	17,915	74,251
Total Liabilities and Net Position	$ 56,336	$ 26,507	$ 82,843

CONSOLIDATING SCHEDULE OF OPERATIONS - REVOLVING FUNDS
for the year ended September 30, 1993

(Dollars in thousands)	Advances to the Employment Security Administration Account in the UTF	Working Capital Fund	Total
FINANCING SOURCES			
Appropriations expensed	$ -	$ -	$ -
Revenue from other Federal agencies	-	80,401	80,401
Revenue from the public	-	72	72
Interest and assessments	-	-	-
Employer taxes	-	-	-
Penalties	-	-	-
Less: Receipts to be transferred to Treasury	-	-	-
Total financing sources	-	80,473	80,473
EXPENSES BY PROGRAM			
Income maintenance	-	-	-
Employment and training	-	-	-
Labor, employment and pension standards	-	-	-
Worker safety and health	-	-	-
Statistics	-	-	-
Other departmental programs	-	80,423	80,423
Total expenses	-	80,423	80,423
Excess of financing sources over total expenses before adjustments	-	50	50
Prior period adjustments	-	2,923	2,923
Excess of financing sources over total expenses	-	2,973	2,973
Increase (decrease) in future funding requirements	-	-	-
Excess of financing sources over funded expenses	$ -	$ 2,973	$ 2,973

CONSOLIDATING SCHEDULE OF CHANGE IN NET POSITION - REVOLVING FUNDS
for the year ended September 30, 1993

(Dollars in thousands)	Advances to the Employment Security Administration Account in the UTF	Working Capital Fund	Total
Net Position, Beginning Balance	$ 56,336	$ 14,942	$ 71,278
Excess of financing sources over total expenses	-	2,973	2,973
Decrease in unexpended appropriations	-	(2,167)	(2,167)
Increase in capitalized appropriations	-	2,167	2,167
Transfers	-	-	-
Net Position, Ending Balance	$ 56,336	$ 17,915	$ 74,251

■ CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - TRUST FUNDS
as of September 30, 1993

(Dollars in thousands)	Unemployment	Longshore and Harbor Workers'	District of Columbia	Black Lung Disability	Hazardous Substances	Gifts and Bequests	Total
ASSETS							
Financial resources							
Funds with U. S. Treasury and cash	$ 303,435	$ 601	$ 153	$ 5,700	$ 1,608	$ 189	$ 311,686
Accounts receivable	7,506,341	4,409	59	97,927	-	-	7,608,736
Less: Allowance for doubtful accounts	2,436,040	1,667	-	32,316	-	-	2,470,023
Accounts receivable, net	5,070,301	2,742	59	65,611	-	-	5,138,713
Advances	223,605	-	-	-	-	-	223,605
Intragovernmental items, Federal							
Accounts receivable	4,443,203	-	662	-	-	-	4,443,865
Less: Allowance for doubtful accounts	4,053	-	-	-	-	-	4,053
Accounts receivable, net	4,439,150	-	662	-	-	-	4,439,812
Investments	36,606,533	47,815	4,843	-	-	-	36,659,191
Advances	-	-	-	-	-	-	-
Total financial resources	46,643,024	51,158	5,717	71,311	1,608	189	46,773,007
Non-financial resources							
Resources transferable to U.S. Treasury	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	39	-	39
Less: Accumulated depreciation	-	-	-	-	-	-	-
Property, plant and equipment, net	-	-	-	-	39	-	39
Total non-financial resources	-	-	-	-	39	-	39
Total Assets	$ 46,643,024	$ 51,158	$ 5,717	$ 71,311	$ 1,647	$ 189	$ 46,773,046

■ CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - TRUST FUNDS
as of September 30, 1993

(Dollars in thousands)	Unemployment	Longshore and Harbor Workers'	District of Columbia	Black Lung Disability	Hazardous Substances	Gifts and Bequests	Total
LIABILITIES AND NET POSITION							
Funded liabilities							
Accounts payable	$ -	$ 3,087	$ 2,183	$ -	$ 342	$ -	$ 5,612
Accrued payroll and benefits	-	-	-	-	-	-	-
Accrued unemployment benefits	22,888,651	-	-	-	-	-	22,888,651
Other funded liabilities	452,050	26,414	2,687	-	-	-	481,151
Intragovernmental liabilities, Federal							
Accounts payable	-	662	-	-	111	-	773
Other funded liabilities	649,993	-	-	-	-	-	649,993
Total funded liabilities	23,990,694	30,163	4,870	-	453	-	24,026,180
Unfunded liabilities							
Accrued leave	-	-	-	-	-	-	-
Future workers' compensation benefits	-	-	-	5,147,996	-	-	5,147,996
Advances from U.S. Treasury	-	-	-	3,949,032	-	-	3,949,032
Accrued unemployment benefits	2,762,989	-	-	-	-	-	2,762,989
Other unfunded liabilities	-	-	-	-	-	-	-
Total unfunded liabilities	2,762,989	-	-	9,097,028	-	-	11,860,017
Total liabilities	26,753,683	30,163	4,870	9,097,028	453	-	35,886,197
Net position							
Revolving fund balances	-	-	-	-	-	-	-
Trust fund balances	19,529,341	20,995	847	-	1,194	189	19,552,566
Appropriated fund balances	-	-	-	-	-	-	-
Total fund balances	19,529,341	20,995	847	-	1,194	189	19,552,566
Less future funding requirements	(360,000)	-	-	9,025,717	-	-	8,665,717
Total net position	19,889,341	20,995	847	(9,025,717)	1,194	189	10,886,849
Total Liabilities and Net Position	$ 46,643,024	$ 51,158	$ 5,717	$ 71,311	$ 1,647	$ 189	$ 46,773,046

CONSOLIDATING SCHEDULE OF operations - TRUST FUNDS

for the year ended Septmber 30, 1993

(Dollars in thousands)	Unemployment	Longshore and Harbor Workers'	District of Columbia	Black Lung Disability	Hazardous Substances	Gifts and Bequests	Total
Appropriations expensed	$ 13,142,893	$ -	$ -	$ -	$ -	$ -	$13,142,893
Revenue from other Federal agencies	988,783	-	-	-	350	65	989,198
Revenues from the public	1,063,744	-	-	-	-	84	1,063,828
Interest and assessments	2,548,358	102,409	10,754	2,681	-	-	2,664,202
Employer taxes	23,585,715	-	-	633,697	-	-	24,219,412
Penalties	-	-	-	-			-
Less receipts to be transferred to Treasury	-	-	-	-	-	-	-
Total financing sources	41,329,493	102,409	10,754	636,378	350	149	42,079,533
EXPENSES BY PROGRAM							
Income maintenance	32,940,554	105,540	11,270	850,463	-	-	33,907,827
Employment and training	-	-	-	-	-	-	-
Labor, employment and pension standards	-	-	-	-	-	-	-
Worker safety and health	-	-	-	-	570	-	570
Statistics	-	-	-	-	-	-	-
Other departmental programs	-	-	-	-	-	119	119
Total expenses	32,940,554	105,540	11,270	850,463	570	119	33,908,516
Excess (shortage) of financing sources over total expenses before adjustments	8,388,939	(3,131)	(516)	(214,085)	(220)	30	8,171,017
Prior period adjustments	-	-	-	-	-	-	-
Excess (shortage) of financing sources over total expenses	8,388,939	(3,131)	(516)	(214,085)	(220)	30	8,171,017
Increase (decrease) in future funding requirements	(360,000)	-	-	214,085	-	-	(145,915)
Excess (shortage) of financing sources over funded expenses	$ 8,028,939	$ (3,131)	$ (516)	$ -	$ (220)	$ 30	$ 8,025,102

CONSOLIDATING SCHEDULE OF CHANGE IN NET POSITION - TRUST FUNDS

for the year ended Septmber 30, 1993

(Dollars in thousands)	Unemployment	Longshore and Harbor Workers'	District of Columbia	Black Lung Disability	Hazardous Substances	Gifts and Bequests	Total
Net Position, Beginning Balance	$ 15,094,139	$ 24,126	$ 1,363	$(8,811,632)	$ 1,414	$ 159	$ 6,309,569
Excess (shortage) of financing sources over total expenses	8,388,939	(3,131)	(516)	(214,085)	(220)	30	8,171,017
Increase (decrease) in unexpended appropriations	-	-	-	-	-	-	-
Increase (decrease) in capitalized appropriations	-	-	-	-	-	-	-
Transfers	(3,593,737)	-	-	-	-	-	(3,593,737)
Net Position, Ending Balance	$ 19,889,341	$ 20,995	$ 847	$(9,025,717)	$ 1,194	$ 189	$10,886,849

■ CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - GENERAL FUNDS
as of September 30, 1993

(Dollars in thousands)	Salaries and Expenses	Training and Employment Services	State UI and ES Operations	Federal Employees Workers' Compensation	Other	Eliminations	Total
ASSETS							
Financial resources							
Funds with U. S. Treasury and cash	$ 341,907	$ 5,209,844	$ 257,400	$ 372,322	$1,311,214	$ -	$ 7,492,687
Accounts receivable	11,369	15,420	364	29,057	-	-	56,210
Less: Allowance for doubtful accounts	-	9,620	15	7,463	-	-	17,098
Accounts receivable, net	11,369	5,800	349	21,594	-	-	39,112
Advances	1,691	2,906	-	-	261	-	4,858
Intragovernmental items, Federal							
Accounts receivable	2,338	32	421,994	2,876,259	227,770	(51,733)	3,476,660
Less: Allowance for doubtful accounts	-	-	-	-	-	-	-
Accounts receivable, net	2,338	32	421,994	2,876,259	227,770	(51,733)	3,476,660
Investments	0	-	-	-	48,898	-	48,898
Advances	417	-	2,306	-	-	-	2,723
Total financial resources	357,722	5,218,582	682,049	3,270,175	1,588,143	(51,733)	11,064,938
Non-financial resources							
Resources transferable to U.S. Treasury	59,568	13,861	1,401	-	69	-	74,899
Property, plant and equipment	92,413	633,158	-	-	-	-	725,571
Less: Accumulated depreciation	40,890	391,477	-	-	-	-	432,367
Property, plant and equipment, net	51,523	241,681	-	-	-	-	293,204
Total non-financial resources	111,091	255,542	1,401	-	69	-	368,103
Total Assets	$ 468,813	$ 5,474,124	$ 683,450	$ 3,270,175	$1,588,212	$(51,733)	$11,433,041

■ CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - GENERAL FUNDS

as of September 30, 1993

(Dollars in thousands)	Salaries and Expenses	Training and Employment Services	State UI and ES Operations	Federal Employees Workers' Compensation	Other	Eliminations	Total
LIABILITIES AND NET POSITION							
Funded liabilities							
Accounts payable	$ 107,725	$ 309,498	$ 128,978	$ -	$ 28,618	$ -	$ 574,819
Accrued payroll and benefits	31,431	76		-	-	-	31,507
Accrued unemployment benefits	-	-	-	-	-	-	-
Other funded liabilities	-	-	-	-	-	-	-
Intragovernmental liabilities, Federal							
Accounts payable	4,937	14	-	-	-	-	4,951
Other funded liabilities	82,811	13,861	1,401	-	500,069	-	598,142
Total funded liabilities	226,904	323,449	130,379	-	528,687	-	1,209,419
Unfunded liabilities							
Accrued leave	66,816	131	-	-	-	-	66,947
Future workers' compensation benefits	92,733	9,577	-	645,041	54,533	-	801,884
Advances from U.S. Treasury	-	-	-	-	-	-	-
Accrued unemployment benefits	-	-	-	-	-	-	-
Other unfunded liabilities	36,393	31,931	-	-	2,954,502	(51,733)	2,971,093
Total unfunded liabilities	195,942	41,639	-	645,041	3,009,035	(51,733)	3,839,924
Total liabilities	422,846	365,088	130,379	645,041	3,537,722	(51,733)	5,049,343
Net position							
Revolving fund balances	-	-	-	-	-	-	-
Trust fund balances	-	-	-	-	-	-	-
Appropriated fund balances	241,909	5,148,270	553,067	374,427	1,059,525	-	7,377,198
Total fund balances	241,909	5,148,270	553,067	374,427	1,059,525	-	7,377,198
Less future funding requirements	195,942	39,234	(4)	(2,250,707)	3,009,035	-	993,500
Total net position	45,967	5,109,036	553,071	2,625,134	(1,949,510)	-	6,383,698
Total Liabilities and Net Position	$ 468,813	$ 5,474,124	$ 683,450	$ 3,270,175	$1,588,212	$ (51,733)	$11,433,041

■ CONSOLIDATING SCHEDULE OF FINANCIAL POSITION - GENERAL FUNDS

as of September 30, 1993

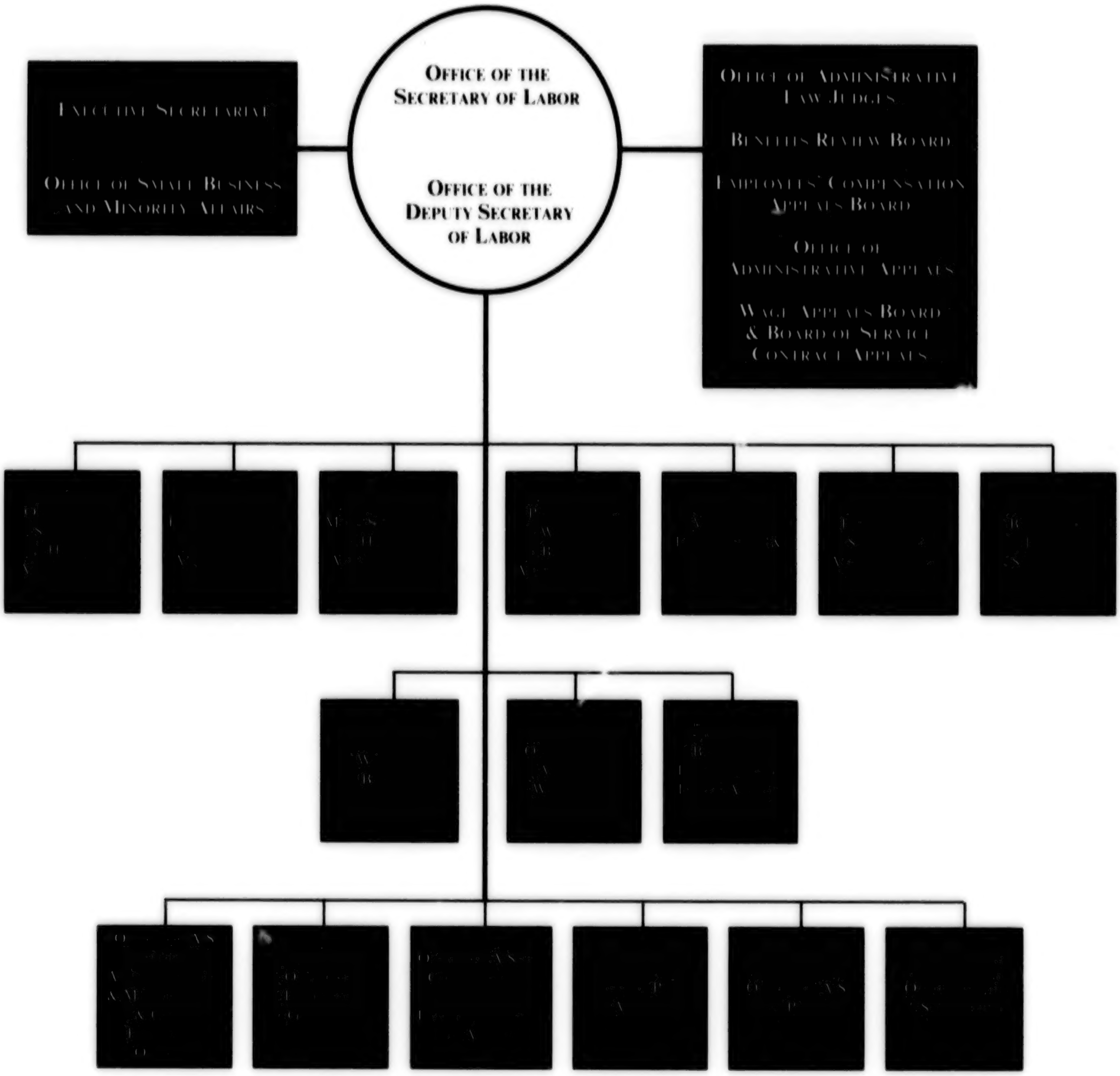
(Dollars in thousands)	Salaries and Expenses	Training and Employment Services	State UI and ES Operations	Federal Employees Workers' Compensation	Other	Eliminations	Total
FINANCING SOURCES							
Appropriations expensed	$ 1,553,090	$ 4,016,205	$ 26,553	$ 213,983	$13,572,709	$ -	$ 19,382,540
Revenue from other Federal agencies	168,869	178,919	3,361,664	1,771,548	26,390	(25,406)	5,481,984
Revenue from the public	12,156	-	-	-	-	-	12,156
Interest and assessments	-	-	-	-	2,877	-	2,877
Employer taxes	-	-	-	-	-	-	-
Penalties	175,354	2,986	-	-	-	-	178,340
Less receipts to be transferred to Treasury	(175,354)	(2,986)	-	-	-	-	(178,340)
Total financing sources	1,734,115	4,195,124	3,388,217	1,985,531	13,601,976	(25,4 06)	24,879,557
EXPENSES BY PROGRAM							
Income maintenance	166,706	-	2,588,338	1,835,291	16,159,274	(25,406)	20,724,203
Employment and training	72,058	4,194,948	800,318	-	398,180	-	5,465,504
Labor, employment and pension standards	258,249	-	-	-	-	-	258,249
Worker safety and health	471,433	-	-	-	-	-	471,433
Statistics	346,660	-	-	-	-	-	346,660
Other departmental programs	420,913	-	-	-	-	-	420,913
Total expenses	1,736,019	4,194,948	3,388,656	1,835,291	16,557,454	(25,406)	27,686,962
Excess (shortage) of financing sources over total expenses before adjustments	(1,904)	176	(439)	150,240	(2,955,478)	-	(2,807,405)
Prior period adjustments	-	-	-	-	-	-	-
Excess (shortage) of financing sources over total expenses	(1,904)	176	(439)	150,240	(2,955,478)	-	(2,807,405)
Increase (decrease) in future funding requirements	1,904	(176)	439	(150,240)	2,955,478	-	2,807,405
Excess (shortage) of financing sources over funded expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -

■ CONSOLIDATING SCHEDULE OF CHANGE IN NET POSITION - GENERAL FUNDS

as of September 30, 1993

(Dollars in thousands)	Salaries and Expenses	Training and Employment Services	State UI and ES Operations	Federal Employees Workers' Compensation	Other	Eliminations	Total
Net Position, Beginning Balance	$ 66,010	$ 4,712,505	$ 551,925	$2,398,827	$1,008,735	$ -	$ 8,738,002
Excess (shortage) of financing sources over total expenses	(1,904)	176	(439)	150,240	(2,955,478)	-	(2,807,405)
Increase (decrease) in unexpended appropriations	(6,012)	490,116	1,659	76,067	(2,767)	-	559,063
Increase (decrease) in capitalized appropriations	(12,022)	45,257	(74)	-	-	-	33,161
Transfers	(105)	(139,018)	-	-	-	-	(139,123)
Net Position, Ending Balance	$ 45,967	$ 5,109,036	$ 553,071	$2,6[illegible]5,134	$(1,949,510)	$ -	$ 6,383,698

U.S. Department of Labor



First Jobs — PREPARE ALL AMERICANS FOR GOOD JOBS

Prepare Americans for good jobs by initiating and enhancing programs

- School to Work
- Job Corps
- Summer Jobs Program
- Skills Standards
- Apprenticeships

New Jobs — EASE THE TRANSITION OF AMERICAN WORKERS FROM JOB TO JOB

Refocus DOL efforts from "unemployment" activities to "reemployment" activities:

- Worker Adjustment
- One-Stop Centers
- Defense Phase-down
- Profiling Initiative

Better Jobs — CREATE HIGH PERFORMANCE AMERICAN WORKPLACES

- Initiate Performance Measurement Systems
- Enhance Enforcement
- Provide Benefit Security

DOL Reinvention — TO HELP CREATE FIRST, NEW, BETTER JOBS

- Measure and Improve Customer Service
- Reinvent Administrative Systems and Produce Savings
- Provide Better Information
- Increase Ethnic and Gender Diversity in DOL
- Make DOL a High Performance Workplace

END

11-10-94